



# MUNISIPALITEIT SIYATHEMBA MUNICIPALITY



## ANNUAL BUDGET

**2019/2020 to 2021/2022**

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MEDIUM TERM REVENUE & EXPENDITURE FORECASTS

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## Abbreviations and Acronyms

AMR	Automated Meter Reading	l	litre
ASGISA	Accelerated and Shared Growth Initiative	LED	Local Economic Development
BPC	Budget Planning Committee	MEC	Member of the Executive Committee
CBD	Central Business District	MFMA	Municipal Financial Management Act Programme
CFO	Chief Financial Officer	MIG	Municipal Infrastructure Grant
CM	Municipality Manager	MMC	Member of Mayoral Committee
CPI	Consumer Price Index	MPRA	Municipal Properties Rates Act
CRRF	Capital Replacement Reserve Fund	MSA	Municipal Systems Act
DBSA	Development Bank of South Africa	MTEF	Medium-term Expenditure Framework
DoRA	Division of Revenue Act	MTREF	Medium-term Revenue and Expenditure Framework
DWA	Department of Water Affairs	NERSA	National Electricity Regulator South Africa
EE	Employment Equity	NGO	Non-Governmental organisations
EEDSM	Energy Efficiency Demand Side Management	NKPIs	National Key Performance Indicators
EM	Executive Mayor	OHS	Occupational Health and Safety
FBS	Free basic services	OP	Operational Plan
GAMAP	Generally Accepted Municipal Accounting Practice	PBO	Public Benefit Organisations
GDP	Gross domestic product	PHC	Provincial Health Care
GDS	Gauteng Growth and Development Strategy	PMS	Performance Management System
GFS	Government Financial Statistics	PPE	Property Plant and Equipment
GRAP	General Recognised Accounting Practice	PPP	Public Private Partnership
HR	Human Resources	PTIS	Public Transport Infrastructure System
HSRC	Human Science Research Council	RG	Restructuring Grant
IDP	Integrated Development Strategy	RSC	Regional Services Council
IT	Information Technology	SALGA	South African Local Government Association
kℓ	kilolitre	SAPS	South African Police Service
km	kilometre	SDBIP	Service Delivery Budget Implementation Plan
KPA	Key Performance Area	SMME	Small Micro and Medium Enterprises
KPI	Key Performance Indicator		
KWh	kilowatt		

## Part 1 – Budget 2019/20

### 1.1 Mayor's Report

**Honourable Councillors of the Siyathemba Municipality;  
Our esteemed partners in service delivery**

**Our invited guests;**

**Municipal Manager and Senior Management of the Municipality; and**

**Residents and citizens of the Siyathemba Municipal Area.**

It is our pleasure to table to you our plans for the financial year 2019/20, for the Siyathemba communities. Allow me to highlight that the National Development Plan form part of the basis for development initiatives in the municipality. Whilst this a good basis for alignment, it means that our residents are able to witness government at work in their neighbourhoods.

The year 2019, we elected a new president and we are excited to follow the calls made by our new president, President Ramaphosa, the nation has spoken

“They have now said, send us. They have said Thuma Thina

A new era has dawned in our country.

A brighter day is rising upon South Africa and upon our beloved continent, Africa.”

We also on Tuesday 22 May inaugurated our new Premier Dr Zamani Saul and he gave us direction for the Northern Cape Province, we now need to follow his lead.

**The seven key quotes for our Presidents Speech are:**

- “This new government draws comfort from the knowledge that, that which unites us is far, far more powerful and enduring than that which divides us. They have chosen hope over hopelessness, they have opted for unity over conflict and divisions.”

- “Let us forge a compact for an efficient, capable and ethical state, a state that is free of corruption, for companies that generate social value and propel human development, for elected officials and public servants who faithfully serve no other cause than that of our people. We must be a society that values excellence, rewards effort and rejects mediocrity.”

- “You, the people of South Africa, have sent them, and you have sent me, as your President. Having taken the oath of office I am saying yes, South Africa Thuma Mina.”

- “I pledge here today that I will serve you, I will work with you, side by side, to build the South Africa that we all want and deserve.”

- “Let us work together to fundamentally, and forever, change the relations of power between men and women. Let us end the dominion that men claim over women, the denial of opportunity, the abuse and the violence, the neglect, and the disregard of each person’s equal rights.”

- "Today is the choice of history. It is through our actions now that we will determine our destiny. South Africans want action and not just words."

- "A society where disability is no impediment, where there is tolerance, and where no person is judged on their sexual orientation, where no person suffers prejudice because of the colour of their skin, the language of their birth or their country of origin."

Honourable Councillors, ladies and gentlemen, let us as the Siyathemba Municipality echo this in our endeavours for new financial year

**Our Provincial Premier Dr Zamani Saul, in his inaugural speech also addressed the following:**

**"All unused monies budgeted for new cars for MECs must be directed to the department of health to augment the budget to purchase ambulances.**

**"We can't as elected leaders continue to indulge in luxury sedans and SUVs while our sickly people are struggling to access ambulances.**

**"Our work as this sixth administration will be uncompromisingly people-centred and we are going to cut the extra fat to the bone.**

**"We are not here for blue lights and self-indulgence. All MECs to be appointed to this sixth administration must understand that the opportunity to serve our people is an absolute honour, and not a stepladder to riches and fame."**

This was not the only cost-cutting measure Saul revealed. He also announced that the province would have its own construction company to build roads and RDP houses. He said this would be a significant step by his administration to end the tender system and fast-track service delivery.

**"We must move very fast in our endeavours to de-tenderise this provincial government by increasing its planning, designing and implementation capacity," said Saul.**

**"I have put up a team to investigate and assist the provincial government in establishing a state-owned construction company that will implement some of our infrastructure projects. This will enable us to create more jobs and to curb corruption related to the state procurement processes."**

The progress on Prieska Special Economic Zone (SEC) was also announced in the MEC of Finance's budget speech earlier this year and us as a community and a municipality must prepare ourselves for this major opportunity.

Honourable Councillors, ladies and gentlemen allow me to quote some of Madiba's wise words: -

***"What counts in life is not the mere fact that we have lived in it, it's what difference we have made in others' lives that will determine the significance of the lives we lead"***

Honourable Councillors, Colleagues and Friends

Reconstructing and readdressing the imbalances and inequalities that South Africa face today, is not a Government issue anymore, but business, private sector and all formations of society issue – irrespective of Race, Religion, Culture or any Social differences.

We must form an integrated approach to address the challenges facing –Siyathemba and South Africa today.

Land expropriate without compensation, is the way for Government to go in order to address the imbalances and inequalities of Land to all South Africans.

We don't have to fear or feel threatened by this mandate, we must understand that our Government is having the political capacity and will not repeat what happened in the past. There will be a consultative and a proper dialogue approach in due time in order to address the land issue in the Country.

Somethings always seems impossible until its done

The elected Siyathemba Municipal Council, reconfirmed that indeed our vision is:

***“A municipality that cares”***

The abovementioned vision will be anchored in the following mission and values which we will pursue endlessly over our remaining term and of course to the benefit of the people of Siyathemba:

***“Caring for our communities and stakeholders through: -***

- ✓ ***Management of negative perceptions within the municipality***
- ✓ ***Communicating information with our stakeholders, openly and honestly***
- ✓ ***Delivering quality and reliable services to all our communities and***
- ✓ ***Responsive governance”***

***This vision and mission is underpinned by the following values: -***

- ✓ ***Openness-*** our intentions must be known by all and at all times
- ✓ ***Fairness-*** All our stakeholders will be treated equally
- ✓ ***Responsibility-*** We shall own up to all our decisions and actions
- ✓ ***Transparency-*** We shall handle our dealings honestly and openly

We also, in this budget would like to achieve the following crucial commitments

- ✓ ***Improve and sustain our Infrastructure***
- ✓ ***Creating an economically enabling environment***
- ✓ ***Capacitating our communities with knowledge and understanding of their environment***
- ✓ ***Creation of a sound financial management and administration system***
- ✓ ***The creation of systems for accountability, oversight and communication***
- ✓ ***Creation of a sound financial management and administration system***

It is important to mention that as we present this budget, Siyathemba Municipality managed to spend all its grants and on time, we did not have to surrender any monies due to our inability to implement projects. In fact, the Municipality received an additional R 22 Million to be spent on our Capital Budget and an additional Adjustment Budget for that purpose will be tabled.

Ladies and gentlemen, this situation speaks to our ability to manage our infrastructure development projects better.

When we say we are going to **improve and sustain our Infrastructure**, we are sure that our capacity to implement projects from start to finish, on time and in budget stands us in good stead and is a sign of our intent to expand the current infrastructure within the municipality. Further to this, we wish to highlight that our intention in the new financial year is to expand our Operations and Maintenance within the municipality. This is mainly so that we may preserve and prolong the lifespan of our infrastructure.

We are pleased to announce that we have adopted a value system that will facilitate that we render the services to our communities with the highest level of dignity and appreciate the communities as our most valued stakeholders.

We further commit to **creating an economically enabling environment**, this is because as our vision states, we are aware that there are many factors that drive a thriving municipality. In this regard, we are going to spare no effort in ensuring that we create an economically enabling environment. I need to mention a few things we are targeting in this regard:

- i. The creation of an economically and investor friendly policy regime,
- ii. The attainment of a clean audit,
- iii. The improvement of our cash position and as such our ability to raise capital
- iv. The creation of sustainable jobs for the people of Siyathemba

We also acknowledge that there has been a bit of descent from the communities and we think the root of it is the community not understanding the local government system properly. We therefore are committing to **capacitating our communities with knowledge and understanding of their environment** so that we can create social cohesion and as such a prosperous community. We thus commit to a more visible council both individually and as a collective, we commit to a strengthened Ward Committee system and an improved communication system with communities.

The aforementioned forms the basis for the **creation of systems for accountability, oversight and communication**; this in reality means that we are going to be more accessible and give more reports to the various stakeholders and even allow for certain systems of community based engagements within the various wards. In a nutshell we are going to leave no space for confusion within the communities. We understand the trust that they have bestowed upon us and we promise to reciprocate it in a positive manner.

We further wish to affirm that all of the things mentioned above will be underpinned by the **creation of a sound financial management and administration system** in order to be able to ensure the realization of the vision of council and by extension the will of the people.

- We are pleased to present a budget of a total expenditure of **R 120 774 000**

This total expenditure is divided into two major components and these are:

- **Operating Budget of R 103 385 000**

From this total operating budget the total employee related costs are **R 39 110 000** and this account for **32%** of the total budget. I am glad to announce that this is below the nationally accepted norm of 35%. In reality ladies and gentlemen, it means we are utilising our human resources prudently and thus giving us room for human resources expansion should it be deemed necessary in the future.

- **Capital Budget of R 17 389 000**

This capital budget will be spent as follows:

- Office Equipment and computers
- Electricity
- Water
- Waste Water
- Sport and Recreation

The Capital Budget accounts for 14 % of the total budget of the municipality.

This could be attributed to the fact that according to the Community Survey 2016 from Stats SA, there has been a decline in the population of Siyathemba and the population is now 23 075.

Ladies and gentlemen, you will note that this capital budget inhibits the municipality from implementing all its priorities as outlined in the IDP. This situation is further exacerbated by the fact that the municipality is unable to utilise its own plant (yellow fleet) for our day-to-day operations. Had we had our own plant, we would have been able to spend more time providing effective and reliable services. It is therefore our desire to explore the desirability and feasibility of taking up a loan for this purpose.

Councillors, in order to fund the expenditure of the municipality, the municipality will have to put in place a number of revenue related measures and it is hoped that these will reach a total of **R 17 389 000** This is accounted for in the form of grants from National Government and these are viz:

<b>Operating Transfers and Grants</b>	<b>Amounts</b>
Local Government Equitable Share	
Finance Management	
EPWP Incentive	
Sport and Recreation	
<b>Total Operating Transfers and Grants</b>	
<b>Capital Transfers and Grants</b>	<b>Amounts</b>
Municipal Infrastructure Grant (MIG)	R 9 829 000
Electrification Grant (INEP)	R 860 000
Water Service Infrastructure Grant	
Water Service Infrastructure Grant (Allocation in kind)	R 6 700 000
Regional bulk infrastructure Grant (Allocation in kind)	
INEG Eskom Grant (Allocation in kind)	
<b>TOTAL CAPITAL TRANSFERS AND GRANTS</b>	

The municipality will however need to generate its own income by delivering services to its customers and collect property rates tax from all property owners within the municipality. In this regard the taxes are and tariffs for services delivered will be affected as such:

### Rates

Changes to tariffs are as follow

- Property Rates – 6%
- Electricity – 6%, except for households.
- Household to be increased with - 3%
- Water – 6%
- All Other Services – 6%

All the tariffs fall within the National Treasury Budget Circular, Circular 93 and 94, which was issued by National Treasury as the guideline for the preparation of the 2019/20 Municipal Budgets

Councillors in the presence of all stakeholders and in particular the communities, allow me to reflect on the state of outstanding debt in the municipality. The Siyathemba Municipality is owed a total of over R 18 000 000 by its customers. This in effect would have meant that the municipality would have had more than R 18 000 000 in capital projects. Can you imagine what can be done with R 18 000 000?

It is our hope to recover this amount of money and in the process, supplement our service delivery efforts. In this regard, I urge councillors to be vigilant in the encouragement of customers to pay their rates and taxes and once more for the indigents, we have a process that governs our assistance to them and we need to encourage them to register. We will need to change the payment culture in the municipality and look and endeavours to enhance revenue.

Having said that I think we are all in agreement that we will start with our own officials and councillors who have outstanding municipal debt and we must consistently take a no-nonsense approach towards this.

Councillors, the officials and in particular the senior management have committed to ensuring that they will institutionalise our vision and as such ensure that the municipality moves one step closer to be a self-sufficient municipality. I believe that the success of this budget lies in those efforts and the efforts of the collective to be conscious and diligent in the execution of their duties.

**Enkosi  
Baie dankie  
Thank you  
Ke a leboga**

## 1.2 Council Resolutions

On 30 May 2019 the Council of Siyathemba Local Municipality met in Council Chambers Siyathemba Municipality in Prieska to consider the budget of the municipality for the financial year 2019/20. The Council approved and adopted the following resolutions:

1. The Council of Siyathemba Municipality Local Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:
  - 1.1. The draft annual budget of the municipality for the financial year 2019/20 and the multi-year and single-year capital appropriations as set out in the following tables:
    - 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 18;
    - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 19;
    - 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 21; and
    - 1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table 22 .
  - 1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:

- 1.2.1. Budgeted Financial Position as contained in Table 23
- 1.2.2. Budgeted Cash Flows as contained in Table 24
- 1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in Table 25;
- 1.2.4. Asset management as contained in Table 26; and
- 1.2.5. Basic service delivery measurement as contained in Table 27.

2. The Council of Siyathemba Municipality Local Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2019:
  - 2.1. the tariffs for property rates – as set out in Annexure B,
  - 2.2. the tariffs for electricity – as set out in Annexure B
  - 2.3. the tariffs for the supply of water – as set out in Annexure B
  - 2.4. the tariffs for sanitation services – as set out in Annexure B
  - 2.5. the tariffs for solid waste services – as set out in Annexure B
3. The Council of Siyathemba Municipality Local Municipality, acting in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2020 the tariffs for other services, as set out in Annexure G1 to G21 respectively.
4. To give proper effect to the municipality's annual draft budget, the Council of Siyathemba Municipality Local Municipality approves:
  - 4.1. That cash backing is implemented through the utilisation of a portion of the revenue generated from property rates to ensure that all capital reserves and provisions, unspent long-term loans and unspent conditional grants are cash backed as required in terms of the municipality's funding and reserves policy as prescribed by section 8 of the Municipal Budget and Reporting Regulations.

### 1.3 Executive Summary

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The Municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on noncore and 'nice to have' items. Key areas where savings were realized were on telephone and internet usage, printing, workshops, overseas and national travel, accommodation, and catering.

The Municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore, the Municipality has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

National Treasury's MFMA Circulars No. 89 and 91 were used to guide the compilation of the 2019/20 MTREF.

The main challenges experienced during the compilation of the 2019/20 MTREF can be summarised as follows:

- The ongoing difficulties in the national and local economy;
- Aging and poorly maintained water, roads and electricity infrastructure;
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;

- The increased cost of bulk water and electricity (due to tariff increases Eskom), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable - as there will be point where services will no-longer be affordable;
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;
- Affordability of capital projects – original allocations had to be reduced and the operational expenditure associated with prior year's capital investments needed to be factored into the budget as part of the 2019/20 MTREF process; and
- Availability of affordable capital/borrowing.

The following budget principles and guidelines directly informed the compilation of the 2019/20 MTREF:

- The 2019/20 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2019/20 annual budget;
- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk water and electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;

In view of the aforementioned, the following table is a consolidated overview of the proposed 2019/20 Medium-term Revenue and Expenditure Framework:

**Table 1 Consolidated Overview of the 2019/20 MTREF**

<b>R Thousand</b>	<b>Budget Year 2019/20</b>	<b>Budget Year 2009/21</b>	<b>Budget Year 2021/22</b>
Total Operating Revenue	R 107 252 000	R 113 832 000	R 95 876 000
Total Operating Expenditure	R 103 385 000	R 110 159 000	R 114 884 000
<b>Surplus / (Deficit)</b>	R 3 866 000	R 3 673 000	R (19 008 000)
Total Capital Expenditure	R 19 889 000	R 18 856 000	R 19 988 000
<b>Surplus / (Deficit) after capital transfers and contributions</b>	R 21 255 000	R 24 494 000	R 3 319 000

Total operating revenue for the two outer years, operational revenue will increase by R 7 million and reduce by R 12 million respectively.

Total operating expenditure for the 2019/20 financial year has been appropriated at R103 million and translates into a budgeted surplus of R3.8 million. When compared to the 2017/18 Budget, operational expenditure has grown by 5 per cent in the 2019/20 budget. The operating surplus for the two outer years decreased by R 3.6 million and then by R (19 million).

The capital budget decreases to R19,8 million for 2019/20 when compared to the 2017/18 Budget. The capital programme decreases to R13,5 million in the 2019/20 financial year. All capital over the MTREF will be financed by Grants from National and Provincial government. Note that the Municipality has reached its prudential borrowing limits and so there is very little scope to substantially increase these borrowing levels over the medium-term. The repayment of capital and interest (debt services costs) has remained the same and will continue over the next five years due to new loans taken up in the past year, as a result of the need to replace specialised vehicles needed to meet the increased demand in services to be delivered. Consequently, the capital budget remains relatively flat over the medium-term.

#### 1.4 Operating Revenue Framework

For Siyathemba Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the Municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 70% annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the Municipality.

The following table is a summary of the 2019/20 MTREF (classified by main revenue source):

**Table 2 Summary of revenue classified by main revenue source**

Functional Classification Description R thousand	Ref 1	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Revenue - Functional</b>										
<i>Governance and administration</i>		—	36,282	46,679	45,946	39,325	39,325	43,140	46,451	50,266
Executive and council		—	2,329	826	994	994	994	1,064	1,138	1,138
Finance and administration		—	33,953	45,853	44,952	38,331	38,331	42,076	45,313	49,128
Internal audit		—	—	—	—	—	—	—	—	—
<i>Community and public safety</i>		—	1,867	1,538	13,807	7,806	7,806	10,880	11,605	12,196
Community and social services		—	1,839	1,504	1,766	1,766	1,766	1,482	1,651	1,651
Sport and recreation		—	—	—	—	—	—	—	—	—
Public safety		—	—	—	—	—	—	—	—	—
Housing		—	28	34	12,041	6,040	6,040	9,398	9,954	10,545
Health		—	—	—	—	—	—	—	—	—
<i>Economic and environmental services</i>		—	13,632	18,516	9,734	9,734	9,734	10,971	10,132	10,552
Planning and development		—	—	—	—	—	—	—	—	—
Road transport		—	13,632	18,516	9,734	9,734	9,734	10,971	10,132	10,552
Environmental protection		—	—	—	—	—	—	—	—	—
<i>Trading services</i>		—	45,075	48,643	57,040	77,040	77,040	59,642	66,456	69,314
Energy sources		—	20,553	22,126	23,385	23,385	23,385	24,705	28,714	30,233
Water management		—	13,993	14,954	24,811	44,811	44,811	25,474	27,616	28,956
Waste water management		—	7,014	7,633	4,377	4,377	4,377	4,683	5,011	5,011
Waste management		—	3,515	3,931	4,468	4,468	4,468	4,780	5,115	5,115
<i>Other</i>	4	—	—	—	3	3	3	3	3	4
<b>Total Revenue - Functional</b>	2	—	96,856	115,376	126,530	133,908	133,908	124,636	134,648	142,332
<b>Expenditure - Functional</b>										
<i>Governance and administration</i>		—	68,457	80,398	52,515	47,136	47,136	51,989	55,435	58,173
Executive and council		—	12,353	13,926	9,715	8,107	8,107	8,141	8,660	9,134
Finance and administration		—	56,104	66,472	42,800	39,029	39,029	43,849	46,775	49,039
Internal audit		—	—	—	—	—	—	—	—	—
<i>Community and public safety</i>		—	3,809	4,013	4,321	3,181	3,181	3,359	3,574	3,574
Community and social services		—	1,497	1,544	1,790	1,563	1,563	1,668	1,780	1,780
Sport and recreation		—	2,208	2,445	2,497	1,583	1,583	1,679	1,782	1,782
Public safety		—	103	24	34	35	35	12	12	12
Housing		—	—	—	—	—	—	—	—	—
Health		—	—	—	—	—	—	—	—	—
<i>Economic and environmental services</i>		—	12,780	13,569	9,840	9,810	9,810	7,520	7,966	8,422
Planning and development		—	—	—	—	—	—	—	—	—
Road transport		—	12,780	13,569	9,840	9,810	9,810	7,520	7,966	8,422
Environmental protection		—	—	—	—	—	—	—	—	—
<i>Trading services</i>		—	43,425	43,023	39,664	34,486	34,486	39,026	41,601	44,826
Energy sources		—	22,260	21,836	24,318	22,540	22,540	24,994	26,701	28,559
Water management		—	11,148	11,012	6,098	5,437	5,437	6,274	6,687	7,143
Waste water management		—	6,249	6,103	5,549	3,870	3,870	4,421	4,682	5,137
Waste management		—	3,768	4,071	3,698	2,639	2,639	3,337	3,531	3,986
<i>Other</i>	4	—	—	—	2,211	1,596	1,596	1,491	1,583	1,583
<b>Total Expenditure - Functional</b>	3	—	128,470	141,003	108,551	96,209	96,209	103,385	110,159	116,578
<b>Surplus/(Deficit) for the year</b>		—	(31,614)	(25,627)	17,979	37,699	37,699	21,250	24,488	25,754

**Table 3 Percentage growth in revenue by main revenue source**

Vote Description R thousand	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Revenue by Vote</b>										
Vote 1 - Executive and Council	1	-	2,329	826	994	994	994	1,064	1,138	1,138
Vote 2 - Office of the Municipal Manager		-	-	-	-	-	-	-	-	-
Vote 3 - Directorate Financial Services		-	31,216	42,825	44,144	37,523	37,523	41,212	44,388	48,203
Vote 4 - Directorate Corporate & Community Services		-	4,604	4,567	14,618	8,617	8,617	11,748	12,533	13,125
Vote 5 - Directorate Infrastructure Services		-	58,707	67,159	66,774	86,774	86,774	70,613	76,588	79,867
Vote 6 - COMMUNITY & SOCIAL SERVICES		-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	2	-	<b>96,856</b>	<b>115,376</b>	<b>126,530</b>	<b>133,908</b>	<b>133,908</b>	<b>124,636</b>	<b>134,648</b>	<b>142,332</b>
<b>Expenditure by Vote to be appropriated</b>										
Vote 1 - Executive and Council	1	-	11,067	13,232	9,513	7,961	7,961	7,985	8,495	8,969
Vote 2 - Office of the Municipal Manager		-	1,286	695	-	-	-	-	-	-
Vote 3 - Directorate Financial Services		-	50,329	57,903	34,739	33,241	33,241	37,134	39,638	41,800
Vote 4 - Directorate Corporate & Community Services		-	9,584	12,582	14,570	10,517	10,517	11,512	12,237	12,339
Vote 5 - Directorate Infrastructure Services		-	56,204	56,592	49,728	44,491	44,491	46,755	49,789	53,470
Vote 6 - COMMUNITY & SOCIAL SERVICES		-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>	2	-	<b>128,470</b>	<b>141,003</b>	<b>108,551</b>	<b>96,209</b>	<b>96,209</b>	<b>103,385</b>	<b>110,159</b>	<b>116,578</b>
<b>Surplus/(Deficit) for the year</b>	2	-	(31,614)	(25,627)	17,979	37,699	37,699	21,250	24,488	25,754

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the Municipality. Rates and service charge revenues comprise more than half of the total revenue mix. The above table includes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality. Details in this regard are contained in Table 64 MBRR SA1.

The smallest source is ‘other revenue’ which consists of various items such as income received from permits and licenses, building plan fees, connection fees, transport fees and advertisement fees. Departments have been urged to review the tariffs of these items on an annual basis to ensure they are cost reflective and market related.

The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

**Table 4 Operating Transfers and Grant Receipts**

NC077 Siyathemba - Supporting Table SA18 Transfers and grant receipts

Description R thousand	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
RECEIPTS:	1, 2									
<b>Operating Transfers and Grants</b>										
National Government:										
Local Government Equitable Share		–	30 532	33 371	34 263	34 263	–	37 810	41 992	45 255
EPWP Incentive			25 734	27 526	29 448	29 448		32 939	35 480	38 303
Integrated National Electrification Programme			1 000	1 000	1 300	1 300		1 131		
Finance Management			1 788	2 500	1 100	1 100		860	3 200	3 376
Finance Management Grant			2 010	2 345	2 415	2 415		2 880	3 312	3 576
Provincial Government:										
Sport and Recreation		–	1 728	1 290	1 566	–	–	1 479	1 648	1 648
Finance Management Grant								1 479	1 648	1 648
District Municipality:										
[insert description]										
Other grant providers:										
[insert description]										
Total Operating Transfers and Grants	5	–	32 260	34 661	35 829	34 263	–	39 289	43 640	46 903
<b>Capital Transfers and Grants</b>										
National Government:										
Municipal Infrastructure Grant (MIG)		–	11 479	15 920	29 724	29 724	–	16 529	17 621	19 041
Water Services Infrastructure grant			11 479	15 920	29 724	29 724		9 829	10 121	10 540
Provincial Government:										
Other capital transfers/grants [insert description]		–	–	–	–	–	–	–	–	–
District Municipality:										
[insert description]										
Other grant providers:										
[insert description]										
Total Capital Transfers and Grants	5	–	11 479	15 920	29 724	29 724	–	16 529	17 621	19 041
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>		–	43 739	50 581	65 553	63 987	–	55 818	61 261	65 944

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 6 per cent upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The percentage increases of Eskom bulk tariffs are far beyond the mentioned inflation target. Given that these tariff increases are determined by external agencies, the impact they have on the municipality's electricity and in these tariffs are largely outside the control of the Municipality. Discounting the impact of these price increases in lower consumer tariffs will erode the Municipality's future financial position and viability.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, cement etc. The current challenge facing the Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the Municipality has undertaken the tariff setting process relating to service charges as follows.

#### **1.4.1 Property Rates**

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No. 91 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0, 25:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rateable value (Section 17(h) of the MPRA). In addition to this rebate, a further R25 000 reduction on the market value of a property will be granted in terms of the Municipality's own Property Rates Policy;
- 25 per cent rebate will be granted on all state owned properties
- 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy;
- For pensioners, physically and mentally disabled persons, a maximum/total rebate of 50 per cent (calculated on a sliding scale) will be granted to owners of rateable property if the total gross income of the applicant and/or his/her spouse, if any, does not exceed the amount equal to twice the annual state pension as approved by the National Government for a financial year. In this regard the following stipulations are relevant:
  - The rateable property concerned must be occupied only by the applicant and his/her spouse, if any, and by dependants without income;
  - The applicant must submit proof of his/her age and identity and, in the case of a physically or mentally handicapped person, proof of certification by a Medical Officer of Health, also proof of the annual income from a social pension;
  - The applicant's account must be paid in full, or if not, an arrangement to pay the debt should be in place; and
  - The property must be categorized as residential.
- The Municipality may award a 100 per cent grant-in-aid on the assessment rates of rateable properties of certain classes such as registered welfare organizations, institutions or organizations performing charitable work, sports grounds used for purposes of amateur sport. The owner of such a property must apply to the Chief Financial Officer in the prescribed format for such a grant.

The categories of rateable properties for purposes of levying rates and the proposed rates for the 2019/20 financial year based on a 6.2 per cent increase from 1 July 2019 is contained below:

**Table 5 Comparison of proposed rates to be levied for the 2019/2020 financial**

Category	Proposed Tariff	Current tariff
----------	-----------------	----------------

	(1 July 2019)	(from 1 July 2018)
	C	C
Residential properties	0.02213976061	0.02346814624
State owned properties	0.02913170982	0.03087961241
Business & Commercial	0.02172061967	0.02302385685
Agricultural	0.00063000000	0.00066780000

#### 1.4.2 Sale of Water and Impact of Tariff Increases

South Africa faces similar challenges with regard to water supply as it did with electricity, since demand growth outstrips supply. Consequently, National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

- Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

In addition National Treasury has urged all municipalities to ensure that water tariff structures are cost reflective by 2015.

Better maintenance of infrastructure, new dam construction and cost-reflective tariffs will ensure that the supply challenges are managed in future to ensure sustainability.

A tariff increase of 6 per cent from 1 July 2019 for water is proposed. This is based on input cost of inputs increasing by 5 per cent.

A summary of the proposed tariffs for households (residential) and non-residential are as follows:

**Table 6 Proposed Water Tariffs**

CATEGORY	CURRENT TARIFFS 2018/19	PROPOSED TARIFFS 2019/20
	Rand per kℓ	Rand per kℓ
<b>RESIDENTIAL</b>		

CATEGORY	CURRENT TARIFFS 2018/19	PROPOSED TARIFFS 2019/20
	Rand per kℓ	Rand per kℓ
(i) 0 to 6 kℓ	6,20	6,57
(ii) 7 to 12 kℓ	6,89	7,30
(iii) 13 to 50 kℓ	7,69	8,15
(iv) 51 to 150 kℓ	8,90	9,44
(iv) +150 kℓ	10,65	11,29

The tariff structure of the 2019/20 financial year has been changed. The tariff structure is designed to charge higher levels of consumption a higher rate, steadily increasing as consumption increases.

#### 1.4.3 Sale of Electricity and Impact of Tariff Increases

NERSA has announced the revised bulk electricity pricing structure. An seven per cent increase in the Eskom bulk electricity tariff to municipalities will be effective from 1 July 2019.

Registered indigents will again be granted 50 kWh per 30-day period free of charge

The following table shows the impact of the proposed increases in electricity tariffs on the electricity charges for domestic customers:

**Table 7 Comparison between current electricity charges and increases (Domestic)**

It should further be noted that NERSA has advised that a stepped tariff structure needs to be implemented from 1 July 2011. The effect thereof will be that the higher the consumption, the higher the cost per kWh. The aim is to subsidise the lower consumption users (mostly the poor). The Municipality has entered into discussions with NERSA regarding the suitability of the NERSA proposed stepped tariffs compared to those already being implemented by the Municipality already. Until the discussions are concluded, the Municipality will maintain the current stepped structure of its electricity tariffs.

The inadequate electricity bulk capacity and the impact on service delivery and development remains a challenge for the Municipality. Most of the suburbs and inner Municipality reticulation network was designed or strengthened in the early 1980's with an expected 20-25 year life-expectancy. The upgrading of the Municipality's electricity network has therefore become a strategic priority, especially the substations and transmission lines.

Owing to the high increases in Eskom's bulk tariffs, it is clearly not possible to fund these necessary upgrades through increases in the municipal electricity tariff – as the resultant tariff increases would be unaffordable for the consumers. It is therefore proposed that the taking up of loans as a strategy for funding of the infrastructure be considered and approved to spread the burden over the life span of the assets.

#### 1.4.4 Sanitation and Impact of Tariff Increases

A tariff increase of 6 per cent for sanitation from 1 July 2019 is proposed. This is based on the input cost assumptions related to water. It should be noted that electricity costs contributes approximately 20 per cent of waste water treatment input costs, therefore the higher than CPI increase of 9.9 per cent for sanitation tariffs. The following factors also contribute to the proposed tariff increase:

- Sanitation charges are calculated according to the type of consumer and the level of service provided as indicated in the table below;
- Free sanitation will be applicable to registered indigents; and

The total revenue expected to be generated from rendering this service amounts to R4.683 million for the 2019/20 financial year.

The following table compares the current and proposed tariffs:

**Table 8 Comparison between current sanitation charges and increases**

DESCRIPTION	2019/2020	2019/2020	% Verhoging	2018/2019	2018/2019
	VAT INCLUSIVE	Tariff		VAT INCLUSIVE	Tariff
Sewerage Tariff					
Site Improvement (Households)	R289,83	R252,02	6%	R273,40	R237,76
Church,church halls,Sport and welfare	R193,30	R168,09	6%	R182,30	R158,58
Business	R456,32	R396,80	6%	R430,40	R374,34
Business -Extra toilet	R136,32	R118,54	6%	R128,60	R111,83
Unimproved government sites	R1 536,16	R1 335,79	6%	R1 449,20	R1 260,18
Contractors	R959,16	R834,05	6%	R904,80	R786,84

#### 1.4.5 Waste Removal and Impact of Tariff Increases

Currently solid waste removal is operating at a small surplus. The main contributors to expenditure are repairs and maintenance on vehicles, increases in general expenditure such as petrol and diesel and the cost of remuneration.

A 6 per cent increase in the waste removal tariff is proposed from 1 July 2019. Higher increases will not be viable in 2019/20 owing to the significant increases implemented in previous financial years as well as the overall impact of higher than inflation increases of other services. Any increase higher than 10 per cent would be counter-productive and will result in affordability challenges for individual rates payers raising the risk associated with bad debt.

The following table compares current and proposed amounts payable from 1 July 2018:

**Table 9 Comparison between current waste removal fees and increases**

DESCRIPTION	2018/2019	2018/2019	% Verhoging	2017/2018	2017/2018
	VAT INCLUSIVE	Tariff		VAT INCLUSIVE	Tariff
Refuse					
Per standard Container per month					
Prieska	R100,33	R87,25	6%	R94,60	R82,31
Marydale	R100,33	R87,25	6%	R94,60	R82,31
Niekerkshoop	R100,33	R87,25	6%	R94,60	R82,31

#### 1.4.6 Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services.

Note that in all instances the overall impact of the tariff increases on household's bills has been kept to a maximum percentage of 6%.

**Table 10 Comparison between current and increases of tariffs**

SIYATHEMBA MUNICIPALITY (NCO77)						
TARIFFS FOR 2019/2020 FINANCIAL YEAR						
POS NR.	BESKRYWING	2019/2020	2019/2020	% Verhoging	2018/2019	2018/2019
		BTW INGESLUIT	Tarief		BTW INGESLUIT	Tarief
111	Korporatiewe dienste					
	Sertifikate en afdrukke by biblioteek - Slegs vir take					
	A4 Grootte	2,58	2,25	6%	2,40	2,12
	A3 Grootte	5,94	5,17	6%	5,60	4,88
	A4 Grootte (	1,29	1,12	6%	1,20	1,06
	A3 Grootte (	2,97	2,58	6%	2,80	2,44
273	Opsit van plakkate en baniere					
	Deposito	872,71	758,88	6%	823,30	715,92
	Verkeer gebruik vir die Motorkades per uur					
	Besighede bedryf uit eie eindom sonder hersonerings sertifikaart					
	Tarief word per maand gehef teen die rekkening					
	Prieska	1 503,76	1 307,62	6%	1 418,64	1 233,60
	Marydale	1 503,76	1 307,62	6%	1 418,64	1 233,60
	Niekerkshoop	1 503,76	1 307,62	6%	1 418,64	1 233,60
	(Verkope sal gemonitor word deur die verkeersbeamptes en/of munisipale amptenare)					
	Straat verkope/Street Trading					
	Tarief per da	108,54	94,38	6%	102,30	89,04
	Tarief per m.	455,87	396,41	6%	430,00	373,97
	(Straat verkope sal gemonitor word deur die verkeersbeamptes en/of munisipale amptenare)					
124	MEENT					
237	Sandverkope					
	Gruis uit gro	79,73	69,33	6%	75,20	65,40
	Sand in Pries	79,73	69,33	6%	75,20	65,40
	Tuingrond p	79,73	69,33	6%	75,20	65,40
	(Munisipaliteit verskaf nie vervoer nie.)					

POS NR.	BESKRYWING 2019/2020 BTW INGESLUIT	2019/2020 Tarief	% Verhoging	2018/2019 BTW INGESLUIT	2018/2019 Tarief
112	FINANSIELE DIENSTE				
212	Administrasie Koste				
		Indien n tjeke onbetaald terug ontvang sal word vanaf die bank, met n verwysing, "verwys na trekker", sal n boete van R1,000 gehef word op sy rekening. Die munisipaliteit het ook die reg om n saak van bedrog aanhangig te maak by SAPD.			
215	Waardasiesertifikate				
215	Per sertifikat	284,14	247,08	6%	268,00
215	Uitklaaring se	284,14	247,08	6%	268,00
265	Naslaangede				
	Per navraag(	63,12	54,89	6%	59,50
114	BEGRAAFPLAAS				
219	Grafgelde				
	1 (a) Ekonomies -Voorsiening van grafperseel				
	Enkelgraf	622,68	541,46	6%	587,40
	Dubbelgraf	1 243,81	1 081,58	6%	1 173,40
	2 (b) Sub -Ekonomies				
	Enkelgraf	207,39	180,34	6%	195,60
	Dubbelgraf	414,58	360,51	6%	391,10
	2.1 Gelde vir ter aarde bestelling(wanneer Munisipaliteit die graf grawe en weer toemaak)				
	Per 2 meter	1 244,52	1 082,20	6%	1 174,00
	2.2 Vir begrawings op Saterdae,Sondae en Openbare vakansie dae.				
	Per 2 meter	1 593,47	1 385,62	6%	1 503,20
	3. Oopmaak van grafte waarop reeds 'n graf steen is :				
	Die gedee	796,67	692,76	6%	751,50
	4. Opgrawing en herbegravering van 'n lyk in 'n ander graf				
	Die gedeel	796,67	692,76	6%	751,50
	5. Naslaange	66,67	57,98	6%	62,90
115	BIBLIOTEEK				
	Grafgeld				
	Anker Penne	1 292,14	1 123,60	6%	1 219,00
223	Boetes				
	Per dag, per	0,97	0,84	6%	0,90
					0,80

POS NR.	BESKRYWING 2019/2020 BTW INGESLUIT	2019/2020 Tarief	% Verhoging	2018/2019 BTW INGESLUIT	2018/2019 Tarief
118	EIENDOMSBELASTING				
	EIENDOMSBELASTING				
	Residential Properties (RR01)				
	HOUSES, FL <sup>1</sup> 0,02346814624	0,02213976061	6%		
	As per Section 2(a) of the Property Rates Act No6 .of 2004				
	Industrial Pro <sup>2</sup> 0,02302385685	0,02172061967	6%		
	WAREHOUSES, STORES, FACTORIES, COOL ROOMS, As per Section 2(b) of the Property Rates Act No6 .of 2004				
	Business and <sup>3</sup> 0,02302385685	0,02172061967	6%		
	SHOPS, OFFICES, CONSULTING ROOMS As per Section 2(c) of the Property Rates Act No6 .of 2004				
	Agriculture F 0,00066780000	0,00063000000	6%		
	F FARMS, SMALL HOLDINGS, ALL PROPERTIES USED FOR FARMING PURPOSES As per Section 2(d) of the Property Rates Act No6 .of 2004				
	Ratio in relation to residential property is 1:0.25				
	Mining (RM01) OPEN MINES: -	0,02451614400			
	As per Section 2(e) of the Property Rates Act No6 .of 2004				
	Government (RS01)				
	Properties ov <sup>4</sup> 0,03087961241	0,02913170982	6%		
	As per Section 2(f) of the Property Rates Act No6 .of 2004				
	Public Service Infrastructure Properties (RI01)				
	ROADS, TOV <sup>5</sup> 0,03541987128	0,03341497290	6%		
	As per Section 2(g) of the Property Rates Act No6 .of 2004				
	Ratio in relation to residential property is 1:0.25				
	Public Benefit Organisations				
	Properties owned by public benefit organisations and used for specific public benefit activities				
	As per Section 2(h) of the Property Rates Act No6 .of 2004				
	Ratio in relation to residential property is 1:0.25				
	LET WEL:				
	Pensionaris word versoek om skriftelik aansoek te doen vir hulp aan die Raad om 'n addisionele korting met die implementering van die nuwe eiendomsbelasting tarief te ontvang. Die Raad sal die kortings op 'n geval-tot-geval-grondslag toeken.				
	Rente op belasting = Primakoers + 1%				
226	Residensieel				
	Prieska	0,023468146	6%		0,02213976061
	Marydale	0,023468146	6%		0,02213976061
	Niekerkshoop	0,023468146	6%		0,02213976061
	Rebate of 30% will be applied to the value of the property in the first year of implementation of the new valuation roll and this rebate will only be applied for residential zonings.				
227	Besproeiing/Plase				
	Plaas heffing	0,000667800	6%		0,00063000000
	Plaas (plotte) heffing	0,000667800	6%		0,00063000000
	Rebate of 30% will be applied in the first year of implementation of the new valuation roll. Plaas & plaas (plotte) heffing afslag vir die nie lewering van basiese municipale dienste (invassing van eiendomsbelasting - afslag)				
	Publieke Dienste - Infrastruktuur	0,035419871	6%		0,03341497290
	Kerke (100% Vrygestel)				-
	Besighede en Industrieel	0,023023857	6%		0,02172061967
	Solar Plase: Sodra die rezonning sertifikaat uitgereik vir die verbruiker, sal die eiendomsbelasting bedrag gehef word op die rekening van die die verbruiker.	0,02451614400	6%		0,02312843761
	LET WEL:				
	Pensionaris word versoek om skriftelik aansoek te doen vir hulp aan die Raad om 'n addisionele korting met die implementering van die nuwe eiendomsbelasting tarief te ontvang. Die Raad sal die kortings op 'n geval-tot-geval-grondslag toeken.				
228	Bouklousule Heffing				
	Prieska	0,017757435	6%	0,01675229759	0,01456721529
	Marydale	0,017757435	6%	0,01675229759	0,01456721529
	Niekerkshoop	0,017757435	6%	0,01675229759	0,01456721529
266	Staat				
	Prieska	0,030879612	6%		0,02913170982
	Marydale	0,030879612	6%		0,02913170982
	Niekerkshoop	0,030879612	6%		0,02913170982
	Rente op belasting = Primakoers + 1%				
122	KAMPEERTERREIN Woonwapark (Fasiliteit nie meer beskikbaar.)				

POS NR.	BESKRYWING 2019/2020 BTW INGESLUIT	2019/2020 Tarief	% Verhoging 2018/2019 BTW INGESLUIT			2018/2019 Tarief			
<b>125 MUNISIPALE GEBOUE EN KANTORE</b>									
Saalhuur per geleentheid									
1. Diskoteke, Huwelike, Onthale, Danse , Etes en Sport									
Prieska									
275	Stadsaal	2 630,30	2 287,22	6%	2 481,40	2 157,75			
276	Omegasaal	1 315,18	1 143,63	6%	1 240,70	1 078,90			
277	E'Thembenis	751,45	653,44	6%	708,90	616,45			
	Marydale	751,45	653,44	6%	708,90	616,45			
	Niekerkshoop	751,45	653,44	6%	708,90	616,45			
2. Konserne, Uitstellings, Kongresse, Vergaderings en Konferensies									
Prieska									
275	Stadsaal	1 502,23	1 306,29	6%	1 417,20	1 232,35			
276	Omegasaal	564,40	490,78	6%	532,40	463,00			
277	E'Thembenis	375,88	326,85	6%	354,60	308,35			
	Marydale	375,88	326,85	6%	354,60	308,35			
	Niekerkshoop	375,88	326,85	6%	354,60	308,35			
3. Welsyn, Eredienste, ter Aardebestellings en Opvoedkunde									
Prieska									
275	Stadsaal	667,22	580,19	6%	629,40	547,35			
276	Omegasaal	246,60	214,44	6%	232,60	202,30			
277	E'Thembenis	246,60	214,44	6%	232,60	202,30			
	Marydale	246,60	214,44	6%	232,60	202,30			
	Niekerkshoop	246,60	214,44	6%	232,60	202,30			
4. Oefendoeleindes of voorbereiding van saal per geleentheid									
Prieska									
	Stadsaal	333,76	290,23	6%	314,80	273,80			
	Omegasaal	166,94	145,17	6%	157,40	136,95			
	E'Thembenis	166,94	145,17	6%	157,40	136,95			
	Marydale	166,94	145,17	6%	157,40	136,95			
	Niekerkshoop	166,94	145,17	6%	157,40	136,95			

POS NR.	BESKRYWINC 2019/2020 BTW INGESLUIT	2019/2020 Tarief	% Verhoging BTW INGESLUIT	2018/2019 BTW INGESLUIT	2018/2019 Tarief
	5. Funksies op Sondae en Kerklike Vakansiedae(eredienste en ter aarde bestellings uitgesluit.) Dubbel alle tariewe van bogenoemde plekke				
	6. Affiliasie	685,74		596,29	6%
				646,90	562,54
	7. Biblioteeksale				
	Word nie verhuur nie.				
	8. Raadsaal	284,27		247,19	6%
				268,10	233,20
	9. Komitee	213,20		185,39	6%
				201,10	174,90
	10. Sleuteldeposito en Saalhuur deposito				
	In alle gevall	1 041,01		905,23	6%
	(Terme en voorwaardes soos uiteengesit in die saalhuur ooreenkoms, geen tafels en stoele sal uitverhuur word nie.)			982,00	853,99
278	Skouterrein				
	Sportkomple	1 277,34		1 110,73	6%
	Oefendoeleis	109,44		95,17	6%
	Krale	1 277,34		1 110,73	6%
	Perderstalle	182,39		158,60	6%
	Sleuteldeposito	1 041,01		905,23	6%
				982,00	853,99
280	Unitas,Omega en Kantore waar dienste ingesluit is				
	Per m² per n	117,97		102,58	6%
				111,20	96,78
281	Vinkneste				
	Per huis per maand(6)				
	Per huis per maand(2)				
	Deposito = 1 maand se huur indien nie 'n amptenaar				
	Munisipale Huise				
	Deposito = 1 maand se huur indien nie 'n amptenaar				
283	Ander Huurgeld				
	Ander: Per m²	14,47		12,58	6%
	Ou Biersaal				
284	Huur van woonkamers	200,86		174,66	6%
	Kantore by Omegasaal				
	Verkope van Grond				
	Ekonomies /	80,18		69,72	6%
	Ongedienste	18,28		15,90	6%
	Sub - Ekonomies	44,58		38,76	6%
	Ongedienste	10,17		8,84	6%
	Besighede /	98,01		85,23	6%
	Ongedienste	22,34		19,43	6%
	Kerke / m²	42,77		37,19	6%
	Ongedienste	10,17		8,84	6%
				9,50	8,34

POS NR.	BESKRYWING 2019/2020 BTW INGESLUIT	2019/2020 Tarief	% Verhoging		2018/2019 BTW INGESLUIT	2018/2019 Tarief
129	OPENBARE WERKE					
210	Bouplan gelde AANSOEK FOOI					
	Per 10m <sup>2</sup> of	99,75	86,74	6%	94,10	81,83
	Minimum per	995,21	865,40	6%	938,80	816,41
	Ondergeskik:	554,59	482,25	6%	523,10	454,95
211	Sertifikate en afdrukke- Munisipale Kantore					
	A4 Grootte	5,10	4,44	6%	4,80	4,19
	A3 Grootte	6,65	5,79	6%	6,20	5,46
	A4 Grootte (l)	4,13	3,60	6%	3,90	3,39
	A3 Grootte (l)	5,10	4,44	6%	4,80	4,19
	Fakse - per b	28,17	24,49	6%	26,50	23,11
	Soneringsser	298,36	259,44	6%	281,40	244,75
	Bouplan afdrukke					
	Per vel	227,55	197,87	6%	214,60	186,67
274	SPLUMA en Grond gebruik Veranderings					
	General fees:					
1)	Advertisement: Local newspaper, government gazette and any other costs;				For the applicant's account	
2)	Bulk services contribution.					
	Category 1 Applications (DMPT)				Application fee	
	Township es)	5 347,13	4 649,68	6%	5 044,40	4 386,49
	0 – 20 erven	89,09	77,47	6%	84,00	73,09
	Plus tariff per erf in addition to the first 20 erven.				Bulk services contribution (per erf)	
	Rezoning. Bā	5 347,13	4 649,68	6%	5 044,40	4 386,49
	Bulk services contribution only to higher order usage.				Bulk services contribution (per erf)	
	Removal, am	5 347,13	4 649,68		5 044,40	4 386,49
	Amendment	3 564,76	3 099,79	6%	3 362,90	2 924,33
	Subdivision /	5 347,13	4 649,68	6%	5 044,40	4 386,49
	Per additional	89,09	77,47	6%	84,00	73,09
	Then per erf tariff per erf in addition.				Bulk services contribution(per erf)	
	Permanent c	3 564,76	3 099,79	6%	3 362,90	2 924,33
	Any consent )	3 564,76	3 099,79	6%	3 362,90	2 924,33

POS NR.	BESKRYWINING 2019/2020 BTW INGESLUIT	2019/2020 Tarief	% Verhoging BTW INGESLUIT	2018/2019 BTW INGESLUIT	2018/2019 Tarief
Category 2 Applications (Authorised official)					
Subdivision /	4 455,94	3 874,73	6%	4 203,70	3 655,41
Per addition:	89,09	77,47	6%	84,00	73,09
Then per erf tariff per erf in addition.			6%	Bulk services contribution(per erf)	
The consent	4 455,94	3 874,73	6%	4 203,70	3 655,41
				Plus Bulk services contribution	
Application t	534,69	464,95	6%	504,40	438,63
Removal, am	3 564,76	3 099,79	6%	3 362,90	2 924,33
				Bulk services contribution if land use density is increased.(per erf)	
Application t	3 564,76	3 099,79	6%	3 362,90	2 924,33
Other tariffs as per specific need (examples: Authorised official)					
Zoning certif	142,59	123,99	6%	134,50	116,97
Government As per cost of Government Notices					
Hard copy of	2 673,57	2 324,84	6%	2 522,20	2 193,25
Hard copy of	534,69	464,95	6%	504,40	438,63
Customised	356,50	310,00	6%	336,30	292,45
Extension of	534,69	464,95	6%	504,40	438,63
Boetes (SPLUMA)					
Soos bepaal deur die Siyathemba SPLUMA By-Law					
133 REINIGINGSDIENSTE					
Huishoudings met inkomste van minders as R2840.00 per maand word gesubsidenteer met die maandelikse tarief. (Twee staatspensione word as n basis gebruik)					
246 Vullis					
Per standaard Drom per maand					
Prieska	100,33	87,25	6%	94,60	82,31
Marydale	100,33	87,25	6%	94,60	82,31
Niekerkshoop	100,33	87,25	6%	94,60	82,31
247 Tuinvullis en Rommel					
Per vrag					
Prieska	247,70	215,39	6%	233,60	203,20
Marydale	247,70	215,39	6%	233,60	203,20
Niekerkshoop	247,70	215,39	6%	233,60	203,20
247 Kontrakteurs					
Per maand					
Prieska	719,27	625,45	6%	678,50	590,05
Marydale	719,27	625,45	6%	678,50	590,05
Niekerkshoop	719,27	625,45	6%	678,50	590,05

POS NR.	BESKRYWING 2019/2020 BTW INGESLUIT	2019/2020 Tarief	% Verhoging 2018/2019 BTW INGESLUIT	2018/2019 Tarief
135	RIOOL			
	Huishoudings met inkomste van minders as R2,840,00 per maand word gesubsidenteer met die maandelikse tarief. (Twee staatspensione word as n basis gebruik)			
240	Rioolverstoppings			
	Per uur of ge	242,53	210,90	6% 228,80 198,96
248	Sanitêre verwyderings			
	Prieska	54,40	47,30	6% 51,30 44,63
	Marydale	54,40	47,30	6% 51,30 44,63
	Niekerkshoop	54,40	47,30	6% 51,30 44,63
249	Suigtenk verwyderings (Emmers)			
	Per vrag			
	Prieska	195,24	169,78	6% 184,10 160,17
	Marydale	195,24	169,78	6% 184,10 160,17
	Niekerkshoop	195,24	169,78	6% 184,10 160,17
	Enige suigtenk wat gebou word se inhoudsmaat moet minstens 4,5 kiloliter wees.			
	Na-ure = Dubbel die gewone tarief			
	Buite dorpsgebied, maar binne Munisipale gebied= Tarief plus voorgeskrewe km-tarief			
258	Aansluitings	263,73	229,33	6% 248,70 216,35
271	Riooltarief			
	Beboude woonbuurte	289,83	252,02	6% 273,40 237,76
	Kerke, kerksa	193,30	168,09	6% 182,30 158,58
	Besighede	456,32	396,80	6% 430,40 374,34
	Besighede -E	136,32	118,54	6% 128,60 111,83
	Onbeboude gebiede	1 536,16	1 335,79	6% 1 449,20 1 260,18
	Kontrakteurs	959,16	834,05	6% 904,80 786,84
	Beskikbaarheidsgelde			
	Beskikbaarhe	212,56	184,83	6% 200,50 174,37
	Alle ander persele			
	Eerste gerief	456,32	396,80	6% 430,40 374,34
	Plus per pot	136,32	118,54	6% 128,60 111,83
	Munisipale v	193,30	168,09	6% 182,30 158,58
	Die tarief is verskuldig en betaalbaar op die 1ste dag van Julie van die jaar waarvoor sodanige tariewe gehef word, maar kan ook in twaalf gelyke maandelikse paaiememente betaal word.			

POS NR.	BESKRYWING 2019/2020 BTW INGESLUIT	2019/2020 Tarief	% Verhoging BTW INGESLUIT	2018/2019 BTW INGESLUIT	2018/2019 Tarief
136	VLIEGVELD				
200	ELEKTRISITEITS DIENS				
	Huishoudings met inkomste van minders as R2,840,00 per maand word gesubsidenteer met die maandelikse tarief. (Twee staatspensione word as n basis gebruik)				
	DIENSTEHEFFINGS				
	a) Aansluitingsgelde				
	Per Installasi	323,81	281,57	6%	305,40
	Hierdie gelde is betaalbaar wanneer 'n toevoer punt van eienaar verander.				
	b) Heraansluitingsgelde				
	Per Installasi	648,33	563,77	6%	611,60
	1. Hierdie gelde is betaalbaar wanneer 'n verbruiker se naam op die afsnylys verskyn het, ongeag of die krag fisies afgesny en aangeskakel is of nie. Aangesien die Raad addisionele koste vir die spesifieke rekening moes aangaan.				
	2. Hierdie gelde is betaalbaar wanneer 'n toevoerpunt afgesny word weens 'n oortreding van artikel 24(peuter en bemoei) van die raad se elektrisiteits-verordening, deur die okkuperdeer :				
	Eerste oortre	11 337,62	9 858,80	6%	10 695,80
	Welke bedrag die grootste is				
	Tweede oort	22 673,57	19 716,15	6%	21 390,10
	Indien u skuldig bevind word aan hierdie misdryf en by skuldigbevinding strafbaar wees met n gevangenisstraf van nie meer as 6 (ses) maande nie of n boete van nie meer as R14,714.10 of n kombinasie van bg.				
	c) Uitroepgelde				
	Per Uitroep	377,69	328,43	6%	356,30
	1. Hierdie gelde is betaalbaar wanneer die Municipaliteit uitgeroep word weens toevoer-onderbrekings en die fout op die klant se installasie gevind word.				
	d) Spesiale meterlesingsgeld				
	Per Versoek	377,69	328,43	6%	356,30
	1. Betaalbaar wanneer 'n spesiale meterlesing deur die klant versoek word				

POS NR.	BESKRYWING 2019/2020 BTW INGESLUIT	2019/2020 Tarief	% Verhoging BTW INGESLUIT	2018/2019 BTW INGESLUIT	2018/2019 Tarief
e) Meter Toetsgelde					
Per Meter	648,59	563,99	6%	611,80	532,07
Betaalbaar wanneer 'n metertoets deur die klant versoek word. Indien die meter foutief is, is die gelde terugbetaalbaar.					
f) Nuwe aansluitings					
Hierdie is gevalle waar 'n aansluiting vanaf die kraglyn gebou moet word:					
Enkelfase(ko)	11 352,35	9 871,61	6%	10 709,70	9 312,84
Driefase(Kor)	22 704,26	19 742,83	6%	21 419,10	18 625,31
Maksimum aanvraag = Werklike koste					
g) Vervanging					
Vervanging v	4 048,53	3 520,46	6%	3 819,30	3 321,19
Insetentief van 50% Afslag					
Vervanging v	5 668,42	4 929,06	6%	5 347,50	4 650,06
Vervanging v	5 668,94	4 929,51	6%	5 348,00	4 650,49
h) Voorafbetaalde					
i) Deposito					
Betaalbaar wanneer aansoek gedoen word vir die voorsiening van 'n toevoerpunt:					
Kleinkrag	4 658,88	4 051,20	6%	4 395,10	3 821,88
Huishoudelik	2 795,03	2 430,46	6%	2 636,80	2 292,89
Grootkrag	21 569,37	18 755,97	6%	20 348,40	17 694,32
j) Beskikbaarheidsgelde					
Betaalbaar deur die eienaar van 'n erf(erwe) waar by 'n kraglyn verby gebou is, maar die betrokke erf nie oor 'n toevoerpunt beskik nie of die toevoer punt wel bestaan maar onbenut is. Erwe wat saam met 'n ontwikkelde erf as eenheid bedryf word, word hierby ingesluit.					
Tarief					
Die basiese heffing per maand soos op die verskillende kategorië verbruikers van toepassing					
A GROOTKRAGVERBRUIK					
Beskikbaar op besighede wat 'n maksimum aan					
vraag van groter as 50KVA het.					
a) Energiehef	0,65	0,56	6%	0,60	0,53
b) Aanvraaghef	272,12	236,63	6%	256,70	223,24
c) Basiese Hef	20 405,09	17 743,55	6%	19 250,00	16 739,20

POS NR.	BESKRYWIN( 2019/2020 BTW INGESLUIT	2019/2020 Tarief	% Verhoging 2018/2019 BTW INGESLUIT			2018/2019 Tarief			
<b>B1) KLEINKRAGVERBRUIK (&lt;1000kwh p/m)</b>									
Besighede waarvan die gemiddelde maandelikse verbruik vir die voorafgaande 12 maande minder was as 1000kwh ( 1 Julie -30Junie )									
a) Energiehe	1,49		1,29	6%	1,40	1,22			
b) Basieshef	1 396,67		1 214,50	6%	1 317,62	1 145,75			
<b>B2) KLEINKRAGVERBRUIK(&gt;1000 kwh p/m)</b>									
Besighede waarvan die gemiddelde maandelikse verbruik vir die voorafgaande 12 maande meer was as 1000kwh ( 1 Julie - 30 Junie )									
a) Energiehe	1,74		1,52	6%	1,65	1,43			
b) Basieshef	1 698,13		1 476,64	6%	1 602,01	1 393,05			
<b>C) HUISHOUDELIK</b>									
Vir huishoudelike toevoere waar konvensionele meet toerusting gebruik word :									
a) Energiehe	1,76		1,53	3%	1,71	1,48			
b) Basieshef	550,71		478,88	6%	519,54	451,77			
<b>D) VOORAFBETAALD</b>									
Van toepassing vir enkelfase-toevoere waar 'n voorafbetaalde metingstelsel gebruik word:									
a) Energiehe	2,20		1,91	3%	2,13	1,86			
b) Basiesheffing per maand									
<b>E1) MUNISIPAAL(GROOT)</b>									
Die tarief is vir Munisipale grootkragverbruik.									
a) Energiehe	0,65		0,56	6%	0,61	0,53			
b) Aanvraagt	257,20		223,65	6%	242,60	210,99			
<b>E1) MUNISIPAAL(KLEIN)</b>									
Die tarief is vir munisipale toevoere (Straatligte en Munisipale geboue)									
a) Energiehe	1,49		1,29	6%	1,40	1,22			
b) Aanvraagheffing per KVA									
Huishoudings met inkomste gelykstaande aan twee staatspensioene (R2,840.00) word gesubsidenteer met 50 kwh elektrisiteit per maar (Twee staatspensione word as n basis gebruik)									
<b>300 WATERDIENS</b>									
Huishoudings met inkomste gelykstaande aan twee staatspensioene (R2,840.00) word gesubsidenteer met die basiese heffing en die eerste 6 kl water.									
(Twee staatspensione word as n basis gebruik)									
<b>123 Instandhouding</b>									
Nuwe aanslu	4 395,47		3 822,15	6%	4 146,67	3 605,80			
Deposito	1 475,88		1 283,38	6%	1 392,34	1 210,73			
Deposito : In	273,55		237,87	6%	258,06	224,40			

POS NR.	BESKRYWING 2019/2020 BTW INGESLUIT	2019/2020 Tarief	% Verhoging		2018/2019 BTW INGESLUIT	2018/2019 Tarief
			2018/2019	BTW INGESLUIT		
258	Aansluitingsgelde					
	Per aansluiting	351,53		305,68	6%	331,60
	Heraansluitingsgelde					
	Per aansluiting	376,79		327,64	6%	355,40
	Hierdie gelde is betaalbaar wanneer 'n verbruiker se naam op die afsnylys verskyn het, ongeag of die water fisies afgesny en aangeskakel is of nie. Aangesien die Raad addisionele koste vir die spesifieke rekening moes aangaan.					
260	Beskikbaarheidsgelde					
	Per maand	100,33		87,25	6%	94,60
263	Leiwatertgelde					
	Ongemeter : Per uur, per week, per maand					
	Prieska	344,29		299,38	6%	324,80
	Niekerkshoop	69,39		60,34	6%	65,40
	Gemeter: per	1,55		1,35	6%	1,40
264	Waterverkope (Huishoudings en Besighede)					
	per kiloliter					
	0 tot 6	7,56		6,57	6%	7,10
	7 tot 12	8,40		7,30	6%	7,90
	13 tot 50	9,37		8,15	6%	8,80
	50 tot 150	10,85		9,44	6%	10,20
	Groter as 150	12,99		11,29	6%	12,20
	Basies heffing	100,33		87,25	6%	94,60
269	Alkantpan	3,23		2,81	6%	3,00
270	Staankrane					
	Plakkers en P	49,42		42,98	6%	46,60
	Heraansluitingsgelde					
	Per aansluiting	376,79		327,64	6%	355,40
	1. Hierdie gelde is betaalbaar wanneer 'n verbruiker se naam op die afsnylys verskyn het, ongeag of die water fisies afgesny en aangeskakel is of nie. Aangesien die Raad addisionele koste vir die spesifieke rekening moes aangaan.					
	2. Hierdie gelde is betaalbaar wanneer 'n toevoer punt afgesny word weens 'n oortreding van artikel 24 (peuter en bemoei) van die raad se water-verordening, deur die okkupererder.					
	Eerste oortreding	14 630,71		12 722,35	6%	13 802,50
	Of die gemiddelde maandelijske rekening oor 12 maande periode, welke bedrag die grootste is					
	Tweede oortreding	29 261,35		25 444,65	6%	27 605,00
	Indien u skuldig bevind word aan hierdie misdryf en by skuldigbevinding strafbaar wees met n gevangenisstraf van nie meer as 6 (ses) maande nie of n boete van nie meer as R16,060 of n kombinasie van bg.					

POS NR.	BESKRYWING 2019/2020	2019/2020	% Verhoging	2018/2019	2018/2019
	BTW INGESLUIT	Tarief		BTW INGESLUIT	Tarief
<b>VERHUUARTARIEWE - VOERTUIE+ TOERUSTING</b>					
Alle huur is voorafbetaalbaar met n bestuurder en onerhewig van beskikbaarheid:					
<b>VOERTUIGE</b>					
1 Betonmenger		Nie te huur			
2 Paving Breaker		Nie te huur			
3 Kompakteerde-Jumbo Jack		Nie te huur			
4 Kompressor		Nie te huur			
5 Alle klein toerusting		Nie te huur			
6 Padskrapers	2 121,37	1 844,67	6%	2 001,20	1 740,26
7 Laagraaf klei	1 187,99	1 033,04	6%	1 120,70	974,56
8 Laagraaf TL	2 084,35	1 812,48	6%	1 966,30	1 709,89
9 Roller(Static)	1 187,99	1 033,04	6%	1 120,70	974,56
10 Roller(Boma)	450,12	391,41	6%	424,60	369,25
11 Trekker en SL	626,49	544,78	6%	591,00	513,94
<b>VRAGMOTORS</b>					
12 Platbak 2-4 ton	34,31	29,83	6%	32,30	28,14
13 Platbak 4-7 ton	47,42	41,24	6%	44,70	38,90
14 Platbak met laai	990,10	860,96	6%	934,00	812,23
	47,42	41,24	6%	44,70	38,90
15 Wip 4-7 ton	990,10	860,96	6%	934,00	812,23
	47,42	41,24	6%	44,70	38,90
16 Water 4-7 KL	990,10	860,96	6%	934,00	812,23
	47,42	41,24	6%	44,70	38,90
17 LAW (Bakkie)		Nie te huur			
18 Uitroepfooi	719,92	626,01	6%	679,10	590,58
(Nie van toepassing op skole, kerke en ouetehuise)					
<b>OPMERKINGS</b>					
Per uur beteken : Per uur of gedeelte van 'n uur					
Per km beteken : Per km of gedeelte van 'n km					
Aansluiting van dienste vir n 'Indigent/Werklose Persoon" vir die volgende dienste, Vullis, Water, Riool en Elektrisiteit sal deur die Raad oorweeg word.					

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17 % incr.	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Rand/cent											
<u>Monthly Account for Household - 'Middle Income Range'</u>	1										
Rates and services charges:											
Property rates		661.96	661.96	703.01							
Electricity: Basic levy		329.68	356.05	378.13							
Electricity: Consumption		580.46	626.90	673.23							
Water: Basic levy		255.82	276.29	303.64							
Water: Consumption		449.15	485.08	533.10							
Sanitation		164.85	178.04	195.66							
Refuse removal		59.99	64.79	71.20							
Other											
sub-total		2 501.92	2 649.11	2 857.97	796.00	-	-	(100.0%)	-	-	-
VAT on Services											
Total large household bill:		2 501.92	2 649.11	2 857.97	796.00	-	-	(100.0%)	-	-	-
% increase/-decrease		5.9%	5.9%	7.9%	(72.1%)	(100.0%)	-	-	-	-	-
<u>Monthly Account for Household - 'Affordable Range'</u>	2										
Rates and services charges:											
Property rates					425.10						
Electricity: Basic levy					75.80						
Electricity: Consumption					219.20						
Water: Basic levy					75.90						
Water: Consumption											
Sanitation											
Refuse removal											
Other											
sub-total		-	-	-	796.00	-	-	(100.0%)	-	-	-
VAT on Services											
Total small household bill:		-	-	-	796.00	-	-	(100.0%)	-	-	-
% increase/-decrease		-	-	-	-	(100.0%)	-	-	-	-	-
<u>Monthly Account for Household - 'Indigent' Household receiving free basic services</u>	3										
Rates and services charges:											
Property rates		305.72	330.18	350.65							
Electricity: Basic levy		329.68	362.65	385.13							
Electricity: Consumption		256.61	282.27	303.13							
Water: Basic levy		54.97	60.47	66.46							
Water: Consumption		42.08	46.29	50.87							
Sanitation		164.78	181.26	199.21							
Refuse removal		59.99	65.98	72.52							
Other											
sub-total		1 213.83	1 329.10	1 427.96	795.90	-	-	(100.0%)	-	-	-
VAT on Services											
Total small household bill:		1 213.83	1 329.10	1 427.96	795.90	-	-	(100.0%)	-	-	-
% increase/-decrease		9.5%	9.5%	7.4%	(44.3%)	(100.0%)	-	-	-	-	-

## 1.5 Operating Expenditure Framework

The Municipality's expenditure framework for the 2019/20 budget and MTREF is informed by the following:

- The asset renewal strategy and the repairs and maintenance plan;
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the asset renewal strategy and backlog eradication plan;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of *no project plans no budget*. If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2019/20 budget and MTREF (classified per main type of operating expenditure):

**Table 11 Summary of operating revenue and expenditure by standard classification item**

Description	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework			
	R thousands	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Financial Performance</b>										
Property rates	-	11 777	12 540	19 209	12 588	12 588	-	13 836	14 658	15 538
Service charges	-	43 614	45 848	37 586	49 867	37 586	-	40 217	43 032	20 168
Investment revenue	-	457	206	4	4	4	-	4	5	5
Transfers recognised - operational	-	30 537	43 600	34 353	34 353	34 353	-	38 429	40 440	43 527
Other own revenue	-	7 822	6 156	17 058	11 057	11 057	-	14 766	15 697	16 639
<b>Total Revenue (excluding capital transfers and contributions)</b>	-	94 206	108 351	108 210	107 870	95 589	-	107 252	113 832	95 876
Employee costs	-	37 178	40 055	44 024	31 449	31 449	-	39 110	41 473	43 962
Remuneration of councilors	-	2 851	3 426	3 045	2 531	2 531	-	2 683	2 844	3 015
Depreciation & asset impairment	-	33 839	35 454	15 584	15 584	15 584	-	16 675	17 842	18 913
Finance charges	-	4 290	3 782	1 442	1 161	1 161	-	1 444	1 527	1 711
Materials and bulk purchases	-	19 218	17 994	20 075	20 075	20 075	-	21 842	23 368	24 770
Transfers and grants	-	-	-	1 687	3 784	3 784	-	1 744	1 865	-
Other expenditure	-	31 094	40 292	22 520	21 453	21 453	-	19 887	21 240	22 515
<b>Total Expenditure</b>	-	128 470	141 003	108 378	96 036	96 036	-	103 385	110 159	114 884
<b>Surplus/(Deficit)</b>	-	(34 263)	(32 652)	(168)	11 833	(448)	-	3 866	3 673	(19 008)
Transfers and subsidies - capital (monetary allocations) (Nation)	-	13 267	18 420	18 324	18 324	18 324	-	17 389	20 821	22 327
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	-	(20 997)	(14 232)	18 156	30 157	17 876	-	21 255	24 494	3 319
Share of surplus' (deficit) of associate	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	-	(20 997)	(14 232)	18 156	30 157	17 876	-	21 255	24 494	3 319

The fact that a settlement has not been reached by the SALGBC parties in the salary dispute resulted in an uncertainty on this area of expenditure. It should be noted that the total financial implication could not be determined as the applicable municipal wage curve (representing equal pay for equal work at all municipalities in South Africa) has not been finalised.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the Municipality's budget.

While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. This has resulted in a significant increase in depreciation relative to previous years.

Bulk purchases are directly informed by the purchase of electricity from Eskom and water from DWAF. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. Growth has been limited indicating that significant cost savings have been already realised.

**1.5.1 Priority given to repairs and maintenance**

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2019/20 budget and MTREF provide for extensive growth in the area of asset repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. maintenance, as informed by the

asset renewal strategy and repairs and maintenance plan of the Municipality. In terms of the Municipal Budget and Reporting Regulations, operational

During the compilation of the 2019/20 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the Municipality's infrastructure and historic deferred maintenance. To this end, repairs and maintenance was.

The table below provides a breakdown of the repairs and maintenance in relation to asset class:

**Table 12 Repairs and maintenance per asset class:**

Description	Ref	2015/16			2016/17			2017/18			Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year +1 2019/20	Budget Year +2 2020/21	Budget Year +3 2021/22					
<b>Recurrent and Maintenance expenditure by Asset Class (R thousand)</b>																
<b>Infrastructure</b>																
Roads Infrastructure																
Roads																
Road Structures																
Road Furniture																
Capital Spares																
Storm water Infrastructure																
Drainage Collection																
Storm Water Conveyance																
Attenuation																
Electric Infrastructure																
Power Plants																
HV Substations																
HV Switching Station																
HV Transmission Conductors																
MV Substations																
MV Networks																
MV Lines																
Capital Spares																
Water Supply Infrastructure																
Boreholes and Wells																
Reservoirs																
Pump Stations																
Water Treatment Works																
Burst Detection																
Distribution																
Distribution Points																
Piping Systems																
Capital Spares																
Sanitation Infrastructure																
Pump Station																
Tunnels																
Waste Water Treatment Works																
Outfall Sewers																
Treatment Facilities																
Coagulation																
Solid Waste Infrastructure																
Landfill Sites																
Transfer Stations																
Waste Processing Facilities																
Waste Drop-off Points																
Household Separation Facilities																
Electronics Separation Facilities																
Capital Spares																
Rail Infrastructure																
Rail Lines																
Rail Bridges																
Rail Furniture																
Drainage Collection																
Storm Water Conveyance																
Attenuation																
MV Substations																
LV Networks																
LV Lines																
Coastal Infrastructure																
Sand Pumps																
Piers																
Promenades																
Capital Spares																
Information and Communication Infrastructure																
Data Centres																
Core Layers																
Distribution Layers																
Capita Spares																
Community Assets																
Community Facilities																
Halls																
Cinemas																
Cinemas/Care Centres																
First/Ambulance Stations																
Police Stations																
Museums																
Galleries																
Theatres																
Crematoria																
Cemeteries/Crematoria																
Police																
Parks																
Public Open Space																
Nature Reserves																
Public Abattoir Facilities																
Abattoirs																
Abattoirs																
Bus/Rail/Bus Terminals																
Capital Spares																
Sport and Recreation Facilities																
Sporting Facilities																
Outdoor Facilities																
Capital Spares																
Heritage assets																
Monuments																
Historical Buildings																
Works of Art																
Conservation Areas																
Other Heritage																
Investment Properties																
Improved Property																
Unimproved Property																
Non-Residential Investing																
Improved Property																
Unimproved Property																
Other assets																
Operational Buildings																
Municipal Offices																
Pay Enquiry Points																
Building Plan Offices																
Workshops																
Stores																
Laboratories																
Research Centres																
Manufacturing Plant																
Depots																
Capital Spares																
Hospitals																
Staff Housing																
Social Housing																
Capital Spares																
Biological or Cultivated Assets																
Biological or Cultivated Assets																
Intangible Assets																
Licences and Rights																
Efficiency Licenses																
Solid Waste Licenses																
Computer Software and Applications																
Telecommunications Software Applications																
Unspecified																
Computer Equipment																
Furniture and Office Equipment																
Machinery and Equipment																
Transport Assets																
Land																
Land																
Zoo's, Marine and Non-biological Animals																
Zoo's, Marine and Non-biological Animals																
Total Repairs and Maintenance Expenditure	2.1	X	-	X	-	X	-	X	-	X	-	X	-	X	-	
R&M as % of PPE					0.0%			0.0%		0.0%		0.0%		0.0%		
R&M as % Operating Expenditure																

### **1.5.2 Free Basic Services: Basic Social Services Package**

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy. The target is to register 2800 or more indigent households during the 2019/20 financial year, a process reviewed annually. Detail relating to free services, cost of free basic services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement).

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

### **1.6 Capital expenditure**

The following table provides a breakdown of budgeted capital expenditure by vote:

**Table 13 2019/20 Medium-term capital budget per vote**

Vote Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework			
					Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome							
<b>Capital expenditure - Vote</b>											
<b>Multi-year expenditure to be appropriated</b>	2										
Vote 1 - Executive and Council		-	-	60	-	-	-	-	-	-	-
Vote 2 - Office of the Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote 3 - Directorate Financial Services		-	2 828	45	-	-	-	-	-	-	-
Vote 4 - Directorate Corporate & Community Services		-	220	1	-	-	-	-	-	-	-
Vote 5 - Directorate Infrastructure Services		-	3 563	18 547	18 324	18 324	-	-	64 910	66 579	70 573
Vote 6 - COMMUNITY & SOCIAL SERVICES		-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	7	-	6 611	18 653	18 324	18 324	-	-	64 910	66 579	70 573
<b>Single-year expenditure to be appropriated</b>	2										
Vote 1 - Executive and Council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Office of the Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote 3 - Directorate Financial Services		-	-	-	-	-	-	-	-	-	-
Vote 4 - Directorate Corporate & Community Services		-	-	-	-	-	-	-	-	-	-
Vote 5 - Directorate Infrastructure Services		-	-	-	-	-	-	-	-	-	-
Vote 6 - COMMUNITY & SOCIAL SERVICES		-	-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>	-	-	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Vote</b>	-	6 611	18 653	18 324	18 324	-	-	-	64 910	66 579	70 573
<b>Capital Expenditure - Functional</b>											
<b>Governance and administration</b>		-	2 828	106	-	-	-	-	-	-	-
Executive and council				60							
Finance and administration			2 828	45							
Internal audit											
<b>Community and public safety</b>		-	220	1	-	-	-	-	600	-	-
Community and social services			220	1					600		
Sport and recreation											
Public safety											
Housing											
Health											
<b>Economic and environmental services</b>		-	3 563	6 996	9 724	9 724	-	-	8 000	8 480	8 989
Planning and development					-	-					
Road transport			3 563	6 996	9 724	9 724			8 000	8 480	8 989
Environmental protection					-	-					
<b>Trading services</b>		-	-	11 550	8 600	8 600	-	-	56 310	58 099	61 585
Energy sources					2 483	1 100	1 100		1 110	1 177	1 247
Water management					2 017	7 500	7 500		53 700	56 922	60 337
Waste water management					7 050	0	0		1 500		
Waste management					-	-					
<b>Other</b>											
<b>Total Capital Expenditure - Functional</b>	3	-	6 611	18 653	18 324	18 324	-	-	64 910	66 579	70 573
<b>Funded by:</b>											
National Government				3 563	18 420	10 824	10 824		62 410	66 155	70 124
Provincial Government				-	1	7 500	7 500				
District Municipality							-				
Other transfers and grants						-					
<b>Transfers recognised - capital</b>	4	-	3 563	18 421	18 324	18 324	-	-	62 410	66 155	70 124
<b>Borrowing</b>	6		2 828								
<b>Internally generated funds</b>			220	232					2 500		
<b>Total Capital Funding</b>	7	-	6 611	18 653	18 324	18 324	-	-	64 910	66 155	70 124

For 2019/20 an amount of R64,910 million has been appropriated for the development of infrastructure which represents 100 per cent of the total capital budget. In the outer years this amount totals R 66,155 million, 100 per cent and R 70,124 million, 100 per cent respectively for each of the financial years.

Total new assets represent 100 per cent or R64,910 million of the total capital budget. Further detail relating to asset classes and proposed capital expenditure is contained in Table 26 MBRR A9 (Asset Management). In addition to the MBRR Table A9, MBRR Tables SA34a, b, c provides a detailed breakdown of the capital programme relating to new asset construction, capital asset renewal as well as operational repairs and maintenance by asset class. Some of the salient projects to be undertaken over the medium-term includes, amongst others:

### **1.7 Annual Budget Tables - Parent Municipality**

Not applicable to Siyathemba Municipality.

**Table 14 MBRR Table A1 - Budget Summary**

Description	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework			
	R thousands	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Financial Performance</b>										
Property rates	-	11 777	12 540	19 209	12 588	12 588	-	13 836	14 658	15 538
Service charges	-	43 614	45 848	37 586	49 867	37 586	-	40 217	43 032	20 168
Investment revenue	-	457	206	4	4	4	-	4	5	5
Transfers recognised - operational	-	30 537	43 600	34 353	34 353	34 353	-	38 429	40 440	43 527
Other own revenue	-	7 822	6 156	17 058	11 057	11 057	-	14 766	15 697	16 639
<b>Total Revenue (excluding capital transfers and contributions)</b>	-	94 206	108 351	108 210	107 870	95 589	-	107 252	113 832	95 876
Employee costs	-	37 178	40 055	44 024	31 449	31 449	-	39 110	41 473	43 962
Remuneration of councillors	-	2 851	3 426	3 045	2 531	2 531	-	2 683	2 844	3 015
Depreciation & asset impairment	-	33 839	35 454	15 584	15 584	15 584	-	16 675	17 842	18 913
Finance charges	-	4 290	3 782	1 442	1 161	1 161	-	1 444	1 527	1 711
Materials and bulk purchases	-	19 218	17 994	20 075	20 075	20 075	-	21 842	23 368	24 770
Transfers and grants	-	-	-	1 687	3 784	3 784	-	1 744	1 865	-
Other expenditure	-	31 094	40 292	22 520	21 453	21 453	-	19 887	21 240	22 515
<b>Total Expenditure</b>	-	128 470	141 003	108 378	96 036	96 036	-	103 385	110 159	114 884
<b>Surplus/(Deficit)</b>	-	(34 263)	(32 652)	(168)	11 833	(448)	-	3 866	3 673	(19 008)
Transfers and subsidies - capital (monetary allocations) (Nature)	-	13 267	18 420	18 324	18 324	18 324	-	17 389	20 821	22 327
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	-	(20 997)	(14 232)	18 156	30 157	17 876	-	21 255	24 494	3 319
Share of surplus (deficit) of associate	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	-	(20 997)	(14 232)	18 156	30 157	17 876	-	21 255	24 494	3 319
<b>Capital expenditure &amp; funds sources</b>										
<b>Capital expenditure</b>	-	6 611	18 653	18 324	18 324	-	-	19 889	18 856	19 988
Transfers recognised - capital	-	3 563	18 421	18 324	18 324	-	-	17 389	18 432	19 538
Borrowing	-	2 828	-	-	-	-	-	-	-	-
Internally generated funds	-	220	232	-	-	-	-	-	-	-
<b>Total sources of capital funds</b>	-	6 611	18 653	18 324	18 324	-	-	17 389	18 432	19 538
<b>Financial position</b>										
Total current assets	-	11 663	19 396	8 325	8 325	-	-	8 825	9 354	9 916
Total non current assets	-	577 535	573 563	426 268	426 268	-	-	451 844	478 955	507 692
Total current liabilities	-	64 536	82 538	37 549	37 549	-	-	42 475	43 931	45 994
Total non current liabilities	-	21 555	32 940	21 173	21 173	-	-	22 443	23 790	25 217
Community wealth/Equity	-	503 108	477 481	-	-	-	-	-	-	-
<b>Cash flows</b>	-	(2 768)	19 856	19 295	18 980	-	-	22 065	23 389	24 793
Net cash from (used) operating	-	(6 614)	(17 777)	(17 577)	(17 577)	-	-	(17 389)	(18 432)	(19 538)
Net cash from (used) investing	-	2 223	(754)	-	-	-	-	(541)	(649)	(650)
Cash/cash equivalents at the year end	-	(2 314)	(989)	1 718	1 403	-	-	4 136	8 444	13 048
<b>Cash backing/surplus reconciliation</b>	-	(2 314)	(989)	1 524	1 524	-	-	1 615	1 712	1 815
Cash and investments available	-	55 013	65 195	31 916	33 368	-	-	34 784	36 903	36 392
Application of cash and investments	-	(57 327)	(66 184)	(30 392)	(31 844)	-	-	(33 169)	(35 191)	(34 577)
<b>Asset management</b>	-	574 319	560 826	-	-	-	-	540 073	523 871	508 155
Asset register summary (WDV)	-	33 839	35 454	-	-	-	-	479 612	465 224	451 267
Depreciation	-	-	-	-	-	-	-	-	-	-
Renewal and Upgrading of Existing Assets	-	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	-	-	-	-	-	-	-	-	-	-
<b>Free services</b>	0	1	1	12 282	-	12 282	13 142	13 142	14 061	8 711
Cost of Free Basic Services provided	-	363	2 478	701	1 171	1 171	750	750	802	850
<b>Households below minimum service level</b>										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-

**Explanatory notes to MBRR Table A1 - Budget Summary**

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
  - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
  - b. Capital expenditure is balanced by capital funding sources, of which
    - i. Transfers recognised is reflected on the Financial Performance Budget;
    - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
    - iii. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. This place the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections highlighted. Consequently Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations in accordance with the recently adopted Funding and Reserves Policy. This cannot be achieved in one financial year. But over the MTREF there is progressive improvement in the level of cash-backing of obligations.
5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs. It is anticipated that by 2019/20 the water backlog will have been eliminated.

**Table 15 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)**

Functional Classification Description R thousand	Ref 1	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>Revenue - Functional</b>										
Governance and administration	-	36 282	46 679	45 946	39 325	39 325	49 040	52 394	-	-
Executive and council	-	2 329	826	994	994	994	1 138	1 138	-	-
Finance and administration	-	33 953	45 853	44 952	38 331	38 331	47 902	51 255	-	-
Internal audit	-	-	-	-	-	-	-	-	-	-
Community and public safety	-	1 867	1 538	13 807	7 806	7 806	17 085	17 866	-	-
Community and social services	-	1 839	1 504	1 766	1 766	1 766	610	1 387	-	-
Sport and recreation	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-	-
Housing	-	28	34	12 041	6 040	6 040	16 475	16 478	-	-
Health	-	-	-	-	-	-	-	-	-	-
Economic and environmental services	-	13 632	18 516	9 734	9 734	9 734	9 840	10 132	-	-
Planning and development	-	-	-	-	-	-	-	-	-	-
Road transport	-	13 632	18 516	9 734	9 734	9 734	9 840	10 132	-	-
Environmental protection	-	-	-	-	-	-	-	-	-	-
Trading services	-	45 075	48 643	57 040	57 040	57 040	55 030	58 659	-	-
Energy sources	-	20 553	22 126	23 385	23 385	23 385	27 045	28 714	-	-
Water management	-	13 993	14 954	24 811	24 811	24 811	18 523	19 819	-	-
Waste water management	-	7 014	7 633	4 377	4 377	4 377	4 683	5 011	-	-
Waste management	-	3 515	3 931	4 468	4 468	4 468	4 780	5 115	-	-
Other	4	-	-	3	3	3	3	3	-	-
<b>Total Revenue - Functional</b>	1 2 3	-	96 856	115 376	126 530	113 908	113 908	130 999	139 054	-
<b>Expenditure - Functional</b>										
Governance and administration	-	68 457	80 398	52 342	46 964	46 964	48 291	51 516	-	-
Executive and council	-	12 353	13 926	9 714	8 107	8 107	8 141	8 660	-	-
Finance and administration	-	56 104	66 472	42 628	38 856	38 856	40 150	42 857	-	-
Internal audit	-	-	-	-	-	-	-	-	-	-
Community and public safety	-	3 809	4 013	4 321	3 181	3 181	3 359	3 574	-	-
Community and social services	-	1 497	1 544	1 790	1 563	1 563	1 668	1 780	-	-
Sport and recreation	-	2 208	2 445	2 497	1 583	1 583	1 679	1 782	-	-
Public safety	-	103	24	34	35	35	12	12	-	-
Housing	-	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-	-
Economic and environmental services	-	12 780	13 569	9 840	9 810	9 810	6 983	7 405	-	-
Planning and development	-	-	-	-	-	-	-	-	-	-
Road transport	-	12 780	13 569	9 840	9 810	9 810	6 983	7 405	-	-
Environmental protection	-	-	-	-	-	-	-	-	-	-
Trading services	-	43 425	43 023	39 664	34 486	34 486	36 514	38 972	-	-
Energy sources	-	22 260	21 836	24 318	22 540	22 540	24 095	25 756	-	-
Water management	-	11 148	11 012	6 098	5 437	5 437	5 737	6 126	-	-
Waste water management	-	6 249	6 103	5 549	3 870	3 870	3 884	4 120	-	-
Waste management	-	3 768	4 071	3 698	2 639	2 639	2 799	2 969	-	-
Other	4	-	-	2 211	1 596	1 596	1 491	1 583	-	-
<b>Total Expenditure - Functional</b>	3	-	128 470	141 003	108 378	96 036	96 036	96 637	103 050	-
<b>Surplus/(Deficit) for the year</b>		-	(31 614)	(25 627)	18 152	17 872	17 872	34 362	36 004	-

**Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)**

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 4 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is the case for Electricity, Water, Waste water and the Waste management function. As already noted above, the municipality will be undertaking a detailed study of this function to explore ways of improving efficiencies and provide a basis for re-evaluating the function's tariff structure.
4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under the Corporate Service

**Table 16 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)**

Vote Description	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	R thousand	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Revenue by Vote</b>									
Vote 1 - Executive and Council	-	2 329	826	994	994	994	1 064	1 138	-
Vote 2 - Office of the Municipal Manager	-	-	-	-	-	-	-	-	-
Vote 3 - Directorate Financial Services	-	31 216	42 825	44 144	37 523	37 523	47 038	50 331	-
Vote 4 - Directorate Corporate & Community Services	-	4 604	4 567	14 618	8 617	8 617	17 953	18 794	-
Vote 5 - Directorate Infrastructure Services	-	58 707	67 159	66 778	66 778	66 778	64 875	68 796	-
Total Revenue by Vote	-	96 856	115 376	126 534	113 913	113 913	130 930	139 059	-
<b>Expenditure by Vote to be appropriated</b>									
Vote 1 - Executive and Council	-	11 067	13 232	9 513	7 961	7 961	7 985	8 495	-
Vote 2 - Office of the Municipal Manager	-	1 286	695	-	-	-	-	-	-
Vote 3 - Directorate Financial Services	-	50 329	57 903	34 566	33 068	33 068	35 035	37 415	-
Vote 4 - Directorate Corporate & Community Services	-	9 584	12 582	14 570	10 517	10 517	9 911	10 541	-
Vote 5 - Directorate Infrastructure Services	-	56 204	56 592	49 728	44 491	44 491	43 705	46 599	-
Total Expenditure by Vote	-	128 470	141 003	108 378	96 036	96 036	96 637	103 050	-
Surplus/(Deficit) for the year	-	(31 614)	(25 627)	18 156	17 876	17 876	34 292	36 009	-

**Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)**

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote. The following table is an analysis of the surplus or deficit for the electricity and water trading services.

**Table 17 Surplus/(Deficit) calculations for the trading services**

Functional Classification Details	2016/17		2017/18		Current Year 2018/19		2019/20 Medium Term Revenue & Expenditure Framework	
	R thousand	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21
<b>Revenue - Functional</b>								
Trading services	45 075	48 643	57 040	57 040	57 040	57 040	55 030	58 659
Energy sources	20 553	22 126	23 385	23 385	23 385	23 385	27 045	28 714
Water management	13 993	14 954	24 811	24 811	24 811	24 811	18 523	19 819
Waste water management	7 014	7 633	4 377	4 377	4 377	4 377	4 683	5 011
Waste management	3 515	3 931	4 468	4 468	4 468	4 468	4 780	5 115
<b>Total Revenue - Functional</b>	<b>90 150</b>	<b>97 286</b>	<b>114 079</b>	<b>114 079</b>	<b>114 079</b>	<b>114 079</b>	<b>110 061</b>	<b>117 317</b>
<b>Expenditure - Functional</b>								
Trading services	43 425	43 023	39 664	34 486	34 486	34 486	36 514	38 972
Energy sources	22 260	21 836	24 318	22 540	22 540	22 540	24 095	25 756
Water management	11 148	11 012	6 098	5 437	5 437	5 437	5 737	6 126
Waste water management	6 249	6 103	5 549	3 870	3 870	3 870	3 884	4 120
Waste management	3 768	4 071	3 698	2 639	2 639	2 639	2 799	2 969
<b>Total Expenditure - Functional</b>	<b>86 849</b>	<b>86 045</b>	<b>79 327</b>	<b>68 971</b>	<b>68 971</b>	<b>68 971</b>	<b>73 028</b>	<b>77 943</b>
<b>Surplus/(Deficit) for:</b>	<b>3 301</b>	<b>11 241</b>	<b>34 752</b>	<b>45 108</b>	<b>45 108</b>	<b>45 108</b>	<b>37 033</b>	<b>39 374</b>

The electricity trading surplus is deteriorating over the 2019/20 MTREF from This is primarily as a result of the high increases in Eskom bulk purchases and the tariff setting policy of the municipality to buffer the impact of these increases on individual consumers.

The surplus on the water account remains relatively constant over the MTREF translating into a surplus.

Note that the surpluses on these trading accounts are utilised as an internal funding source for the capital programme for asset renewal, refurbishment and the development of new asset infrastructure, and are not used to cross-subsidise other municipal services.

Choose name from list - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Revenue By Source</b>											
Property rates	2	-	11,777	12,540	19,209	12,588	12,588	-	13,835	14,658	15,537
Service charges - electricity revenue	2	-	18,037	18,663	18,053	18,053	18,053	-	19,317	20,669	21,909
Service charges - water revenue	2	-	13,844	14,648	13,335	13,335	13,335	-	14,268	15,267	15,267
Service charges - sanitation revenue	2	-	8,333	8,825	4,381	4,381	4,381	-	4,688	5,016	5,016
Service charges - refuse revenue	2	-	3,400	3,712	1,817	1,817	1,817	-	1,944	2,080	2,080
Rental of facilities and equipment		-	765	784	12,826	6,825	6,825	-	10,238	10,852	11,443
Interest earned - external investments		-	457	206	4	4	4	-	4	5	5
Interest earned - outstanding debtors		-	1,346	1,635	1,596	1,596	1,596	-	1,708	1,827	1,937
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		-	14	-	13	13	13	-	14	15	16
Licences and permits		-	-	-	1,128	1,128	1,128	-	1,206	1,291	1,368
Agency services		-	1,135	1,589	0	0	0	-	0	0	0
Transfers and subsidies		-	30,537	43,600	34,353	34,353	34,353	-	38,429	40,440	43,527
Other revenue	2	-	4,563	2,148	1,496	1,496	1,496	-	1,601	1,712	1,815
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		-	94,206	108,351	108,210	95,589	95,589	-	107,252	113,832	119,921
<b>Expenditure By Type</b>											
Employee related costs	2	-	37,178	40,055	44,197	31,622	31,622	-	39,110	41,473	43,962
Remuneration of councillors		-	2,851	3,426	3,045	2,531	2,531	-	2,683	2,844	2,844
Debt impairment	3	-	11,578	10,943	7	1	1	-	1	1	1
Depreciation & asset impairment	2	-	33,839	35,454	15,584	15,584	15,584	-	16,675	17,842	18,913
Finance charges		-	4,290	3,782	1,442	1,161	1,161	-	1,444	1,527	1,711
Bulk purchases	2	-	19,186	17,975	20,075	20,075	20,075	-	21,842	23,368	24,770
Other materials	8	-	32	19	0	0	0	-	0	0	0
Contracted services		-	5,718	8,342	14,107	12,684	12,684	-	12,473	13,334	14,134
Transfers and subsidies		-	-	-	1,687	3,784	3,784	-	1,744	1,865	1,865
Other expenditure	4, 5	-	13,618	18,394	8,406	8,769	8,769	-	7,414	7,906	8,380
Loss on disposal of PPE		-	179	2,613	-	-	-	-	-	-	-
<b>Total Expenditure</b>		-	128,470	141,003	108,551	96,209	96,209	-	103,385	110,159	116,578
<b>Surplus/(Deficit)</b>		-	(34,263)	(32,652)	(340)	(620)	(620)	-	3,866	3,673	3,343
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		-	13,267	18,420	18,324	38,324	38,324	-	17,389	20,821	22,417
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Transfers and subsidies - capital (in-kind - all))	6	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		-	(20,997)	(14,232)	17,984	37,704	37,704	-	21,255	24,494	25,760
Taxation		-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after taxation</b>		-	(20,997)	(14,232)	17,984	37,704	37,704	-	21,255	24,494	25,760
Attributable to minorities		-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) attributable to municipality</b>	7	-	(20,997)	(14,232)	17,984	37,704	37,704	-	21,255	24,494	25,760
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>		-	(20,997)	(14,232)	17,984	37,704	37,704	-	21,255	24,494	25,760

Table 18 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

**Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)**

1. Total revenue is R 107,252 million in 2019/20 and escalates to R 113,832 million by 2020/21. This represents a year-on-year increase.
2. Revenue to be generated from property rates is R13,836million in the 2019/20 financial year and increases to R14,658 million by 2020/21.
3. Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the Municipality totalling R 40,217 million for the 2019/20 financial year and increasing to R 43,032 million by 2020/21.

4. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. It needs to be noted that in real terms the grants receipts from national government are growing rapidly over the MTREF by the percentage share of this revenue source declines due to the more rapid relative growth in service charge revenues.
5. Bulk purchases have significantly increased over the 2019/20 to 2020/21 period escalating from R 21,842 million to R 23,368 million. These increases can be attributed to the substantial increase in the cost of bulk electricity from Eskom and water from DWAF.
6. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

**Table 19 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source**

Vote Description R thousand	Ref 1	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Capital expenditure - Vote</b>											
Multi-year expenditure to be appropriated	2	-	-	60	-	-	-	-	-	-	-
Vote 1 - Executive and Council		-	-	60	-	-	-	-	-	-	-
Vote 2 - Office of the Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote 3 - Directorate Financial Services		-	2,828	45	-	-	-	-	-	-	-
Vote 4 - Directorate Corporate & Community Services		-	220	1	-	-	-	-	-	-	-
Vote 5 - Directorate Infrastructure Services		-	3,563	18,547	18,324	38,324	38,324	-	19,289	18,856	19,988
Vote 6 - COMMUNITY & SOCIAL SERVICES		-	-	-	-	-	-	-	600	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	7	-	6,611	18,653	18,324	38,324	38,324	-	19,289	18,856	19,988
<b>Single-year expenditure to be appropriated</b>											
Multi-year expenditure to be appropriated	2	-	-	-	-	-	-	-	-	-	-
Vote 1 - Executive and Council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Office of the Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote 3 - Directorate Financial Services		-	-	-	-	-	-	-	-	-	-
Vote 4 - Directorate Corporate & Community Services		-	-	-	-	-	-	-	-	-	-
Vote 5 - Directorate Infrastructure Services		-	-	-	-	-	-	-	-	-	-
Vote 6 - COMMUNITY & SOCIAL SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>	-	-	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Vote</b>	-	6,611	18,653	18,324	38,324	38,324	-	19,289	18,856	19,988	
<b>Capital Expenditure - Functional</b>											
<b>Governance and administration</b>											
Executive and council		-	2,828	106	-	-	-	-	-	-	-
Finance and administration		-	60	-	-	-	-	-	-	-	-
Internal audit		-	2,828	45	-	-	-	-	-	-	-
<b>Community and public safety</b>											
Community and social services		-	220	1	-	-	-	-	600	-	-
Sport and recreation		-	220	1	-	-	-	-	600	-	-
Public safety		-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>											
Planning and development		-	3,563	6,996	9,724	9,724	9,724	-	8,000	8,480	8,989
Road transport		-	3,563	6,996	9,724	9,724	9,724	-	8,000	8,480	8,989
Environmental protection		-	-	-	-	-	-	-	-	-	-
<b>Trading services</b>											
Energy sources		-	-	11,550	8,600	28,600	28,600	-	11,289	10,376	10,999
Water management		-	-	2,483	1,100	1,100	1,100	-	1,110	1,177	1,247
Waste water management		-	-	2,017	7,500	27,500	27,500	-	8,679	9,200	9,752
Waste management		-	-	7,050	0	0	0	-	0	-	-
Other		-	-	-	-	-	-	-	1,500	-	-
<b>Total Capital Expenditure - Functional</b>	3	-	6,611	18,653	18,324	38,324	38,324	-	19,289	18,856	19,988
<b>Funded by:</b>											
National Government		-	3,563	18,420	10,824	30,824	30,824	-	19,289	18,856	19,988
Provincial Government		-	-	-	7,500	7,500	7,500	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	-	3,563	18,420	18,324	38,324	38,324	-	19,289	18,856	19,988
Borrowing	6	-	2,828	-	-	-	-	-	-	-	-
Internally generated funds		-	220	232	-	-	-	-	-	-	-
<b>Total Capital Funding</b>	7	-	6,611	18,652	18,324	38,324	38,324	-	19,289	18,856	19,988

**Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source**

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations.
3. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
4. All capital over the MTREF will be financed by Grants from National and Provincial government. These funding sources are further discussed in detail in 2.6 (Overview of Budget Funding).

**Table 20 MBRR Table A6 - Budgeted Financial Position**

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand											
<b>ASSETS</b>											
<b>Current assets</b>											
Cash			5	5	1 524	1 524			1 615	1 712	1 815
Call investment deposits	1	-	-	-	-	-	-	-	-	-	-
Consumer debtors	1	-	11 122	14 810	22 541	22 541	-	-	23 894	25 327	26 847
Other debtors			2	3 822	(15 740)	(15 740)			(16 684)	(17 685)	(18 746)
Current portion of long-term receivables			5	5	-	-					
Inventory	2		530	753	0	0					
<b>Total current assets</b>		-	11 663	19 396	8 325	8 325	-	-	8 825	9 354	9 916
<b>Non current assets</b>											
Long-term receivables			14	10	0	0					
Investments			-	-	-	-					
Investment property			56 491	58 751	0	0					
Investment in Associate			-	-	-	-					
Property, plant and equipment	3	-	513 856	498 099	426 268	426 268	-	-	451 844	478 955	507 692
Biological			-	-							
Intangible			21	25							
Other non-current assets			7 154	16 678							
<b>Total non current assets</b>		-	577 535	573 563	426 268	426 268	-	-	451 844	478 955	507 692
<b>TOTAL ASSETS</b>		-	589 198	592 959	434 594	434 594	-	-	460 669	488 309	517 608
<b>LIABILITIES</b>											
<b>Current liabilities</b>											
Bank overdraft	1		2 319	994							
Borrowing	4	-	809	838	-	-	-	-	2 673	1 742	1 273
Consumer deposits			723	776							
Trade and other payables	4	-	60 685	76 060	37 549	37 549	-	-	39 802	42 190	44 721
Provisions			-	3 870							
<b>Total current liabilities</b>		-	64 536	82 538	37 549	37 549	-	-	42 475	43 931	45 994
<b>Non current liabilities</b>											
Borrowing		-	2 496	1 658	2 240	2 240	-	-	2 375	2 517	2 668
Provisions		-	19 059	31 281	18 932	18 932	-	-	20 068	21 272	22 549
<b>Total non current liabilities</b>		-	21 555	32 940	21 173	21 173	-	-	22 443	23 790	25 217
<b>TOTAL LIABILITIES</b>		-	86 090	115 478	58 721	58 721	-	-	64 918	67 721	71 211
<b>NET ASSETS</b>	5	-	503 108	477 481	375 872	375 872	-	-	395 751	420 588	446 397
<b>COMMUNITY WEALTH/EQUITY</b>											
Accumulated Surplus/(Deficit)			503 108	477 481							
Reserves	4	-	-	-	-	-	-	-	-	-	-
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	5	-	503 108	477 481	-	-	-	-	-	-	-

**Explanatory notes to Table A6 - Budgeted Financial Position**

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table 66 is supported by an extensive table of notes a detailed analysis of the major components of a number of items, including:
  - Call investments deposits;
  - Consumer debtors;
  - Property, plant and equipment;
  - Trade and other payables;
  - Provisions non-current;
  - Changes in net assets; and
  - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 21 MBRR Table A7 - Budgeted Cash Flow Statement

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>											
Receipts											
Property rates			11 777	12 540	15 367	10 757			11 402	12 087	12 812
Service charges			17 951	14 144	32 955	28 012			29 693	31 474	33 363
Other revenue			82	10 935	12 840	6 420			6 805	7 214	7 646
Government - operating	1		30 537	35 399	33 363	33 363			36 950	39 167	41 517
Government - capital	1		13 267	18 421	18 324	18 324			17 389	18 432	19 538
Interest			1 802	1 841	-				-	-	-
Dividends					-				-	-	-
Payments											
Suppliers and employees			(73 894)	(69 642)	(92 113)	(76 454)			(76 988)	(81 607)	(86 504)
Finance charges			(4 290)	(3 782)	(1 442)	(1 442)			(1 442)	(1 529)	(1 620)
Transfers and Grants	1								(1 744)	(1 849)	(1 960)
<b>NET CASH FROM(USED) OPERATING ACTIVITIES</b>		-	(2 768)	19 856	19 295	18 980	-	-	22 065	23 389	24 793
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>											
Receipts											
Proceeds on disposal of PPE									-	-	-
Decrease (Increase) in non-current debtors					747	747			-	-	-
Decrease (increase) other non-current receivables									-	-	-
Decrease (increase) in non-current investments									-	-	-
Payments											
Capital assets			(6 614)	(17 777)	(18 324)	(18 324)			(17 389)	(18 432)	(19 538)
<b>NET CASH FROM(USED) INVESTING ACTIVITIES</b>		-	(6 614)	(17 777)	(17 577)	(17 577)	-	-	(17 389)	(18 432)	(19 538)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>											
Receipts											
Short term loans			2 828						-	-	-
Borrowing long term/refinancing			3	2					-	-	-
Increase (decrease) in consumer deposits			11	53					-	-	-
Payments											
Repayment of borrowing			(618)	(809)					(541)	(649)	(650)
<b>NET CASH FROM(USED) FINANCING ACTIVITIES</b>		-	2 223	(754)	-	-	-	-	(541)	(649)	(650)
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		-	(7 159)	1 325	1 718	1 403	-	-	4 136	4 308	4 604
Cash/cash equivalents at the year begin:	2		4 845	(2 314)					-	4 136	8 444
Cash/cash equivalents at the year end:	2	-	(2 314)	(989)	1 718	1 403	-	-	4 136	8 444	13 048

**Explanatory notes to Table A7 - Budgeted Cash Flow Statement**

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. The 2019/20 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.

**Table 22 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation**

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework				
		R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Cash and investments available:</b>												
Cash/cash equivalents at the year end	1	-	(2 314)	(989)	1 718	1 403	-	-	4 136	8 444	13 048	
Other current investments >90 days		-	(0)	0	(194)	120	-	-	(2 520)	(6 732)	(11 233)	
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-	
<b>Cash and investments available:</b>		-	(2 314)	(989)	1 524	1 524	-	-	1 615	1 712	1 815	
<b>Application of cash and investments:</b>												
Unspent conditional transfers		-	169	-	0	0	-	-	0	0	0	
Unspent borrowing		-	-	-	-	-	-	-	-	-	-	
Statutory requirements	2											
Other working capital requirements	3	-	54 845	65 195	31 916	33 368	-	-	34 784	36 903	36 392	
Other provisions												
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-	
Reserves to be backed by cash/investments	5											
<b>Total Application of cash and investments:</b>		-	55 013	65 195	31 916	33 368	-	-	34 784	36 903	36 392	
<b>Surplus/(shortfall)</b>		-	(57 327)	(66 184)	(30 392)	(31 844)	-	-	(33 169)	(35 191)	(34 577)	

**Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation**

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 91 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be “funded”.
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. As part of the budgeting and planning guidelines that informed the compilation of the 2019/20 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.

**Table 23 MBRR Table A9 - Asset Management**



### Explanatory notes to Table A9 - Asset Management

- Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.

Table 24 MBRR Table A10 - Basic Service Delivery Measurement

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2019/20 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2019/20	Budget Year +2 2020/21
<b><u>Household service targets</u></b>									
<b><u>Water:</u></b>									
Piped water inside dwelling	-	-	-	-	-	-	-	-	-
Piped water inside yard (but not in dwelling)	-	-	-	-	-	-	-	-	-
Using public tap (at least min.service level)	-	-	-	-	-	-	-	-	-
Other water supply (at least min.service level)	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>	-	-	-	-	-	-	-	-	-
Using public tap (< min.service level)	-	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	-	-	-	-	-	-	-	-	-
No water supply	-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	-	-	-
<b>Total number of households</b>	-	-	-	-	-	-	-	-	-
<b><u>Sanitation/sewerage:</u></b>									
Flush toilet (connected to sewerage)	-	-	-	-	-	-	-	-	-
Flush toilet (with septic tank)	-	-	-	-	-	-	-	-	-
Chemical toilet	-	-	-	-	-	-	-	-	-
Pit toilet (ventilated)	-	-	-	-	-	-	-	-	-
Other toilet provisions (> min.service level)	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>	-	-	-	-	-	-	-	-	-
Bucket toilet	-	-	-	-	-	-	-	-	-
Other toilet provisions (< min.service level)	-	-	-	-	-	-	-	-	-
No toilet provisions	-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	-	-	-
<b>Total number of households</b>	-	-	-	-	-	-	-	-	-
<b><u>Energy:</u></b>									
Electricity (at least min.service level)	-	-	-	-	-	-	-	-	-
Electricity - prepaid (min.service level)	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>	-	-	-	-	-	-	-	-	-
Electricity (< min.service level)	-	-	-	-	-	-	-	-	-
Electricity - prepaid (< min. service level)	-	-	-	-	-	-	-	-	-
Other energy sources	-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	-	-	-
<b>Total number of households</b>	-	-	-	-	-	-	-	-	-
<b><u>Refuse:</u></b>									
Removed at least once a week	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>	-	-	-	-	-	-	-	-	-
Removed less frequently than once a week	-	-	-	-	-	-	-	-	-
Using communal refuse dump	-	-	-	-	-	-	-	-	-
Using own refuse dump	-	-	-	-	-	-	-	-	-
Other rubbish disposal	-	-	-	-	-	-	-	-	-
No rubbish disposal	-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	-	-	-

<b>Total number of households</b>	-	-	-	-	-	-	-	-	-	-
<b>Households receiving Free Basic Service</b>										
Water (6 kilolitres per household per month)	-	-	-	-	-	-	-	-	-	-
Sanitation (free minimum level service)	-	-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per household per month)	-	-	-	-	-	-	-	-	-	-
Refuse (removed at least once a week)	-	-	-	-	-	-	-	-	-	-
<b>Cost of Free Basic Services provided - Formal Settlements (R'000)</b>										
Water (6 kilolitres per <b>indigent</b> household per month)	-	-	-	-	-	-	-	-	-	-
Sanitation (free sanitation service to <b>indigent households</b> )	-	-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per <b>indigent</b> household per month)	-	-	-	-	-	-	-	-	-	-
Refuse (removed once a week for <b>indigent households</b> )	-	-	-	-	-	-	-	-	-	-
<b>Cost of Free Basic Services provided - Informal Formal Settlements (R'000)</b>	-	-	-	-	-	-	-	-	-	-
<b>Total cost of FBS provided</b>	-	-	-	-	-	-	-	-	-	-
<b>Highest level of free service provided per household</b>										
Property rates (R value threshold)										
Water (kilolitres per household per month)										
Sanitation (kilolitres per household per month)										
Sanitation (Rand per household per month)										
Electricity (kwh per household per month)										
Refuse (average litres per week)										
<b>Revenue cost of subsidised services provided (R'000)</b>										
Property rates ( <b>tariff adjustment</b> ) ( <b>impermissible values per section 17 of MPRA</b> )										
Property rates exemptions, reductions and rebates and <b>impermissible values in excess of section 17 of MPRA</b> )										
Water ( <b>in excess of 6 kilolitres per indigent household per month</b> )	-	-	-	-	-	-	-	(0)	(0)	(0)
Sanitation ( <b>in excess of free sanitation service to indigent households</b> )	-	-	-	(3 116)	3 036	-	3 252	3 480	3 723	
Electricity/other energy ( <b>in excess of 50 kwh per indigent household per month</b> )	-	-	-	(5 018)	4 774	-	5 104	5 461	5 844	
Refuse ( <b>in excess of one removal a week for indigent households</b> )	-	-	-	(1 445)	1 515	-	1 729	1 850	1 979	
Municipal Housing - rental rebates				(2 118)	2 091	-	2 196	2 317	2 479	
Housing - top structure subsidies										
Other										
<b>Total revenue cost of subsidised services provided</b>	-	-	-	(11 697)	11 416	-	12 281	13 108	14 025	

**Explanatory notes to Table A10 - Basic Service Delivery Measurement**

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
2. The Municipality continues to make good progress with the eradication of backlogs:
  - a. Water services – backlog is very small and will be eradicated as soon as a provincial Housing project is completed in three years' time. These households are largely found in 'reception areas' and will need to be moved to formal areas so that they can receive services.
  - b. Sanitation services – backlog is very small and will be eradicated as soon as a provincial Housing project is completed in three years' time.
  - c. Electricity services – backlog will be eradicated over the MTREF. As indicated elsewhere, the emphasis in the electricity sector is on addressing urgent network upgrades.
  - d. Refuse services – backlog does not exist at this stage.
3. The budget provides for 2306 households to be registered as indigent in 2019/20, and therefore entitled to receiving Free Basic Services. The number is set to increase to 3800 households given the rapid rate of in-migration to the Municipality, especially by poor people seeking economic opportunities.

## 2 Part 2 – Supporting Documentation

### 2.1 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the MMC for Finance.

The primary aim of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

### 2.1.1 Budget Process Overview

<b>TIME SCHEDULE OF KEY DEADLINES</b>		
<b>Mayor to Table in Council 10 Months Prior to Start of Budget Year</b>		
<b>Month</b>	<b>Municipality SIYANCUMA</b>	<b>Budget Year 2019/2020</b>
	<b>Mayor and Council / Entity Board</b>	<b>Administration - Municipality and Entity</b>
<b>31 July</b>	<p>Mayor begins planning for next three-year budget in accordance with co-ordination role of budget process</p> <p><b>MFMA s 53</b></p> <p>Planning includes review of the previous year's budget process and completion of the Budget Evaluation Checklist</p>	<p>Accounting officers and senior officials of municipality and entities begin planning for next three-year budget</p> <p><b>MFMA s 68, 77</b></p> <p>Accounting officers and senior officials of municipality and entities review options and contracts for service delivery</p> <p><b>MSA s 76-81</b></p>
<b>31 August</b>	<p>Mayor tables in Council a time schedule outlining key deadlines for: preparing, tabling and approving the budget; reviewing the IDP</p> <p>(as per s 34 of MSA) and budget related policies and consultation processes at least 10 months before the start of the budget year.</p> <p><b>MFMA s 21,22, 23;</b></p> <p><b>MSA s 34, Ch 4 as amended</b></p> <p>Mayor establishes committees and consultation forums for the budget process</p>	
<b>30 September</b>	Council through the IDP review process determines strategic objectives for service delivery and development for next three-year budgets including review of provincial and national government sector and strategic plans	<p>Budget offices of municipality and entities determine revenue projections and proposed rate and service charges and drafts initial allocations to functions and departments for the next financial year after taking into account strategic objectives</p> <p>Engages with Provincial and National sector departments on sector specific programmes for alignment with municipalities plans (schools, libraries, clinics, water, electricity, roads, etc)</p>
<b>31 October</b>		<p>Accounting officer does initial review of national policies and budget plans and potential price increases of bulk resources with function and department officials</p> <p><b>MFMA s 35, 36, 42; MTBPS</b></p>
<b>30 November</b>		<p>Accounting officer reviews and drafts initial changes to IDP</p> <p><b>MSA s 34</b></p>

<b>31 December</b>	Council finalizes tariff (rates and service charges) policies for next financial year  <b>MSA s 74, 75</b>	Accounting officer and senior officials consolidate and prepare proposed budget and plans for next financial year taking into account previous year's performance as per audited financial statements
<b>31 January</b>	Entity board of directors must approve and submit proposed budget and plans for next three-year budgets to parent municipality at least 150 days before the start of the budget year  <b>MFMA s 87(1)</b>	Accounting officer reviews proposed national and provincial allocations to municipality for incorporation into the draft budget for tabling. (Proposed national and provincial allocations for three years must be available by 20 January)  <b>MFMA s 36</b>
<b>28 February</b>	Council considers municipal entity proposed budget and service delivery plan and accepts or makes recommendations to the entity  <b>MFMA s 87(2)</b>	Accounting officer finalises and submits to Mayor proposed budgets and plans for next three-year budgets taking into account the recent mid-year review and any corrective measures proposed as part of the oversight report for the previous years audited financial statements and annual report  Accounting officer to notify relevant municipalities of projected allocations for next three budget years 120 days prior to start of budget year  <b>MFMA s 37(2)</b>
<b>31 March</b>	Entity board of directors considers recommendations of parent municipality and submit revised budget by 22nd of month  <b>MFMA s 87(2)</b>  Mayor tables municipality budget, budgets of entities, resolutions, plans, and proposed revisions to IDP at least 90 days before start of budget year  <b>MFMA s 16, 22, 23, 87; MSA s 34</b>  <b>Mid-year Budget and performance Assessment Visit by NT and PT</b>	Accounting officer publishes tabled budget, plans, and proposed revisions to IDP, invites local community comment and submits to NT, PT and others as prescribed  <b>MFMA s 22 &amp; 37; MSA Ch 4 as amended</b>  Accounting officer reviews any changes in prices for bulk resources as communicated by 15 March  <b>MFMA s 42</b>  <b>Mid-year Budget and performance Assessment Visit by NT and PT</b>
<b>30 April</b>	Consultation with national and provincial treasuries and finalise sector plans for water, sanitation, electricity etc  <b>MFMA s 21</b>	Accounting officer assists the Mayor in revising budget documentation in accordance with consultative processes and taking into account the results from the third quarterly review of the current year
<b>31 May</b>	Public hearings on the budget, and council debate. Council consider views of the local community, NT, PT, other provincial and national organs of state and municipalities. Mayor to be provided with an opportunity to respond to submissions during consultation and table amendments for council consideration. Council to consider approval of budget and plans at least 30 days before start of budget year.	Accounting officer assists the Mayor in preparing the final budget documentation for consideration for approval at least 30 days before the start of the budget year taking into account consultative processes and any other new information of a material nature

	<p><b>MFMA s 23, 24; MSA Ch 4 as amended</b></p> <p>Entity board of directors to approve the budget of the entity not later than 30 days before the start of the financial year, taking into account any hearings or recommendations of the council of the parent municipality</p> <p><b>MFMA s 87</b></p> <p><b>Budget and Benchmark Assessments by PT</b></p>	
<b>30 June</b>	<p>Council must approve annual budget by resolution, setting taxes and tariffs, approving changes to IDP and budget related policies, approving measurable performance objectives for revenue by source and expenditure by vote before start of budget year</p> <p><b>MFMA s 16, 24, 26, 53</b></p> <p>Mayor must approve SDBIP within 28 days after approval of the budget and ensure that annual performance contracts are concluded in accordance with s 57(2) of the MSA. Mayor to ensure that the annual performance agreements are linked to the measurable performance objectives approved with the budget and SDBIP. The mayor submits the approved SDBIP and performance agreements to council, MEC for local government and makes public within 14 days after approval.</p> <p><b>MFMA s 53; MSA s 38-45, 57(2)</b></p> <p>Council must finalise a system of delegations.</p> <p><b>MFMA s 59, 79, 82; MSA s 59-65</b></p>	<p>Accounting officer submits to the mayor no later than 14 days after approval of the budget a draft of the SDBIP and annual performance agreements required by s 57(1)(b) of the MSA.</p> <p><b>MFMA s 69; MSA s 57</b></p> <p>Accounting officers of municipality and entities publishes adopted budget and plans</p> <p><b>MFMA s 75, 87</b></p>

**Abbreviations:** **IDP** - Integrated Development Plan; **MFMA** - Local Government: Municipal Finance Management Act, No. 56 of 2003; **MSA** - Local Government: Municipal Systems Act, No. 32 of 2000, as amended; **MTBPS** - National Treasury annual publication, Medium Term Budget and Policy Statement; **NT** - National Treasury; **PT** - Provincial Treasuries; **SDBIP** - Service Delivery and Budget Implementation Plan

There were no deviations from the key dates set out in the Budget Time Schedule tabled in Council.

### 2.1.2 IDP and Service Delivery and Budget Implementation Plan

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fourth revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2019/20 MTREF, based on the approved 2018/19 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2019/20 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2018/19 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

### 2.1.3 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2019/20 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2019/20 MTREF:

- Municipality growth
- Policy priorities and strategic objectives
- Asset maintenance
  - Economic climate and trends (i.e inflation, Eskom increases, household debt, migration patterns)
- Performance trends
- Cash Flow Management Strategy
- Debtor payment levels
- Loan and investment possibilities
  - The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 89 and 91 has been taken into consideration in the planning and prioritisation process.

### 2.1.4 Community Consultation

The draft 2019/20 MTREF as tabled before Council on 28 March 2019 for community consultation will be published on the municipality's website, and hard copies were made available at customer care offices, municipal notice boards and various libraries. E-mail notifications were sent to all organisations on the

municipality's database, including ratepayer associations, community-based organisations and organised business.

All documents in the appropriate format (electronic and printed) were provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

Submissions received during the community consultation process and additional information regarding revenue and expenditure and individual capital projects were addressed, and where relevant considered as part of the finalisation of the 2019/20 MTREF. Feedback and responses to the submissions received are available on request. The following are some of the issues and concerns raised as well as comments received during the consultation process:

- Capital expenditure is not allocated to the areas in the same ratio as the income derived from those areas. This is a normal practice in a collective taxation environment. The Municipality is responsible for managing the equitable use of resources to ensure that constitutional imperative to progressively improve basic services in undeveloped areas is realized in a sustainable manner over a reasonable period of time;
- Several complaints were received regarding poor service delivery, especially waste removal backlogs and the state of road infrastructure;
- Poor performance of contractors relating to infrastructure development and maintenance especially in the areas of road construction and maintenance were raised;
- Issues were raised regarding the payment of bonuses to senior managers;
- Remuneration packages of council officials were criticized as being very high, relative their private sector counterparts within the Municipality;
- The affordability of tariff increases, especially electricity, was raised on numerous occasions. This concern was also raised by organized business as an obstacle to economic growth;
- Pensioners cannot afford the tariff increases due to low annual pension increases; and
- During the community consultation process large sections of the community made it clear that they are not in favour of any further tariff increases to fund additional budget requests. They indicated that the municipality must do more to ensure efficiencies and value for money.

Significant changes effected in the final 2019/20 MTREF that was tabled for community consultation, include:

- The final Eskom bulk tariff increase, applicable to municipalities from 1 July 2019, was factored into the proposed consumer tariffs, applicable from 1 July 2019. This resulted in an increase of seven per cent;
- The 2019 Division of Revenue Bill (DORA) grant allocations were finalized and aligned to the gazetted allocations; and
- Funding was allocated to address metering discrepancies and unmetered premises.

## **2.2 Overview of alignment of annual budget with IDP**

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which

municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the Municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the Municipality strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the Municipality's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPIs);
- Accelerated and Shared Growth Initiative (ASGISA);
- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's five strategic objectives for the 2013/14 MTREF and further planning refinements that have directly informed the compilation of the budget:

**Table 25 IDP Strategic Objectives**

<b>2019/20 Financial Year</b>	<b>2019/20 MTREF</b>
1. Promote representative Governance through the sustainable utilisation of available resources in consultation with the residents of Siyathemba Municipality	1. Promote representative Governance through the sustainable utilisation of available resources in consultation with the residents of Siyathemba Municipality
2. Provision of access to all basic services rendered to residents within the available	2. Provision of access to all basic services rendered to residents within the available
3. Development and transformation of the Institution of the with the aim of capacitating the municipality in meeting their objectives	3. Development and transformation of the Institution of the with the aim of capacitating the municipality in meeting their objectives
4. Promote the equitable creation and distribution of wealth in Siyathemba Municipality	4. Promote the equitable creation and distribution of wealth in Siyathemba Municipality
5. Contribute to the development and protection of the rights and needs of all residents with a particular focus on the poor	5. Contribute to the development and protection of the rights and needs of all residents with a particular focus on the poor

In order to ensure integrated and focused service delivery between all spheres of government it was important for the Municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

1. Provision of quality basic services and infrastructure which includes, amongst others:
  - o Provide electricity;
  - o Provide water;
  - o Provide sanitation;
  - o Provide waste removal;
  - o Provide housing;
  - o Provide roads and storm water;
  - o Provide Municipality planning services; and
  - o Maintaining the infrastructure of the Municipality.
2. Economic growth and development that leads to sustainable job creation by:
  - o Ensuring there is a clear structural plan for the Municipality;
  - o Ensuring planning processes function in accordance with set timeframes;
  - o Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.

3.1 Fight poverty and build clean, healthy, safe and sustainable communities:

- Effective implementation of the Indigent Policy;
- Working with the provincial department of health to provide primary health care services;
- Extending waste removal services and ensuring effective Municipality cleansing;
- Ensuring all waste water treatment works are operating optimally;
- Working with strategic partners such as SAPS to address crime;
- Ensuring safe working environments by effective enforcement of building and health regulations;
- Promote viable, sustainable communities through proper zoning; and
- Promote environmental sustainability by protecting wetlands and key open spaces.

### 3.2 Integrated Social Services for empowered and sustainable communities

- Work with provincial departments to ensure the development of community infrastructure such as schools and clinics is properly co-ordinated with the informal settlements upgrade programme

### 4. Foster participatory democracy and Siyathemba principles through a caring, accessible and accountable service by:

- Optimising effective community participation in the ward committee system; and
- Implementing Siyathemba in the revenue management strategy.

### 5.1 Promote sound governance through:

- Publishing the outcomes of all tender processes on the municipal website

### 5.2 Ensure financial sustainability through:

- Reviewing the use of contracted services
- Continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan

### 5.3 Optimal institutional transformation to ensure capacity to achieve set objectives

- Review of the organizational structure to optimize the use of personnel;

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the Municipality. The five-year programme responds to the development challenges and opportunities faced by the Municipality by identifying the key performance areas to achieve the five the strategic objectives mentioned above.

In addition to the five-year IDP, the Municipality undertakes an extensive planning and developmental strategy which primarily focuses on a longer-term horizon; 15 to 20 years. This process is aimed at influencing the development path by proposing a substantial programme of public-led investment to restructure current patterns of settlement, activity and access to resources in the Municipality so as to promote greater equity and enhanced opportunity. The strategy specifically targets future developmental opportunities in traditional dormitory settlements. It provides direction to the Municipality's IDP, associated sectoral plans and strategies, and the allocation of resources of the Municipality and other service delivery partners.

This development strategy introduces important policy shifts which have further been translated into seven strategic focus areas/objectives as outlined below:

- Developing dormant areas;
- Enforcing hard development lines – so as to direct private investment;
- Maintaining existing urban areas;
- Strengthening key economic clusters;
- Building social cohesion;
- Strong developmental initiatives in relation to the municipal institution as a whole; and
- Sound financial fundamentals.

Lessons learned with previous IDP revision and planning cycles as well as changing environments were taken into consideration in the compilation of the fourth revised IDP, including:

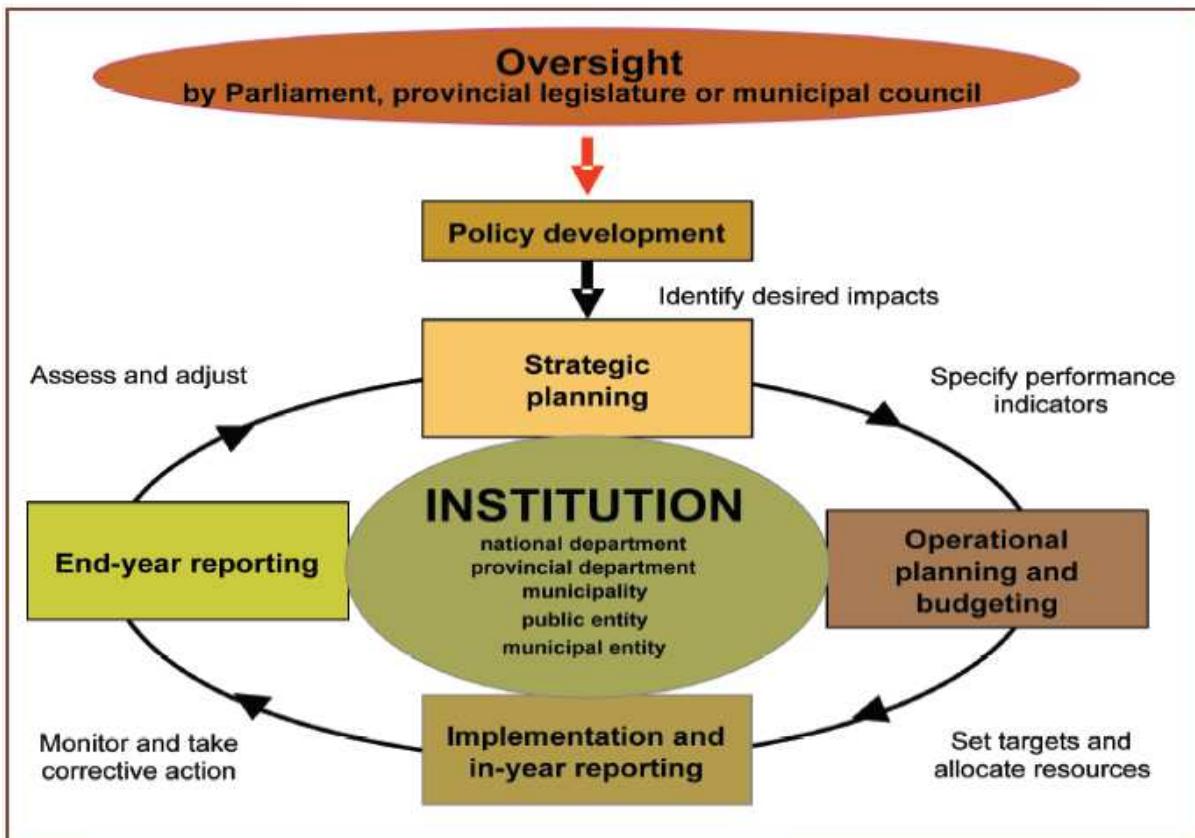
- Strengthening the analysis and strategic planning processes of the Municipality;
- Initiating zonal planning processes that involve the communities in the analysis and planning processes. More emphasis was placed on area based interventions, within the overall holistic framework;
- Ensuring better coordination through a programmatic approach and attempting to focus the budgeting process through planning interventions; and
- Strengthening performance management and monitoring systems in ensuring the objectives and deliverables are achieved.

The 2019/20 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

### **2.3 Measurable performance objectives and indicators**

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assess and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:



**Figure 1 Planning, budgeting and reporting cycle**

The performance of the Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The Municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the Municipality in its integrated performance management system are aligned to the **Framework of Managing Programme Performance Information** issued by the National Treasury

**Figure 2 Definition of performance information concepts**

The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

The following table sets out the municipalities main performance objectives and benchmarks for the 2019/20 MTREF.

**Table 26 MBRR Table SA8 - Performance indicators and benchmarks**

NC077 Siyathemba - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Borrowing Management</b>											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0,0%	3,8%	3,3%	1,3%	1,2%	1,2%	0,0%	1,9%	2,0%	2,1%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing Own Revenue	0,0%	7,7%	7,1%	2,0%	1,6%	1,9%	0,0%	2,9%	3,0%	4,5%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0,0%	92,9%	1,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
<b>Safety of Capital</b>											
Gearing	Long Term Borrowing/ Funds & Reserves	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
<b>Liquidity</b>											
Current Ratio	Current assets/current liabilities	-	0,2	0,2	0,2	0,2	-	-	0,2	0,2	0,2
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	-	0,2	0,2	0,2	0,2	-	-	0,2	0,2	0,2
Liquidity Ratio	Monetary Assets/Current Liabilities	-	0,0	0,0	0,0	0,0	-	-	0,0	0,0	0,0
<b>Revenue Management</b>											
Annual Debtors Collection Rate (Payment Level%)	Last 12 Mths Receipts/Last 12 Mths Billing	0,0%	53,7%	45,7%	86,4%	63,3%	0,0%	0,0%	76,0%	75,5%	75,5%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)	Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)	0,0%	53,7%	45,7%	85,1%	62,1%	0,0%	0,0%	76,0%	75,5%	129,3%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	0,0%	11,8%	17,2%	6,3%	6,3%	0,0%	0,0%	6,7%	6,7%	8,4%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
<b>Creditors Management</b>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA's 65(e))										
Creditors to Cash and Investments		0,0%	-2386,6%	-7179,6%	2185,8%	2675,8%	0,0%	0,0%	962,4%	499,7%	342,7%
<b>Other Indicators</b>											
Electricity Distribution Losses (2)											
Total Volume Losses (kW)											
Total Cost of Losses (Rand '000)											
% Volume (units purchased and generated less units sold)/units purchased and generated											
Water Distribution Losses (2)											
Total Volume Losses (kW)											
Total Cost of Losses (Rand '000)											
% Volume (units purchased and generated less units sold)/units purchased and generated											
Employee costs	Employee costs/(Total Revenue - capital revenue)	0,0%	39,5%	37,0%	40,7%	29,2%	32,9%	0,0%	36,5%	36,4%	45,9%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	0,0%	0,0%	0,0%	0,6%	0,0%	0,7%		0,6%	0,6%	0,7%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%		0,0%	0,0%	0,0%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	0,0%	40,5%	36,2%	15,7%	15,5%	17,5%	0,0%	16,9%	17,0%	21,5%
<b>IDP regulation financial viability indicators</b>											
i Debt coverage	Total Operating Revenue - Operating Grants/Debt service payments due within financial year)	-	24,0	-	-	-	-	-	106,1	112,9	80,5
ii O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	0,0%	19,8%	31,5%	9,8%	9,8%	0,0%	0,0%	11,2%	11,1%	17,2%
iii Cost coverage	Available cash + Investments/monthly fixed operational expenditure	-	(0,3)	(0,1)	0,2	0,2	-	-	0,6	1,2	1,7

### 2.3.1 Performance indicators and benchmarks

#### 2.3.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Siyathemba Municipality's borrowing strategy is primarily informed by the affordability of debt repayments. The structure of the Municipality's debt portfolio is dominated by annuity loans. The following financial performance indicators have formed part of the compilation of the 2019/20 MTREF:

- *Capital charges to operating expenditure* are a measure of the cost of borrowing in relation to the operating expenditure. While borrowing is considered a prudent financial instrument in financing capital infrastructure development, this indicator will have to be carefully monitored going forward as the Municipality has reached its prudential borrowing limits.
- *Borrowing funding of own capital expenditure* measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowing. The average over MTREF is zero per cent which substantiates the above mentioned statement that the Municipality has reached its prudential borrowing limits.

The Municipality's debt profile provides some interesting insights on the Municipality's future borrowing capacity. Firstly, the use of amortising loans leads to high debt service costs at the beginning of the loan, which declines steadily towards the end of the loan's term.

In summary, various financial risks could have a negative impact on the future borrowing capacity of the municipality. In particular, the continued ability of the Municipality to meet its revenue targets and ensure its forecasted cash flow targets are achieved will be critical in meeting the repayments of the debt service costs. As part of the compilation of the 2019/20MTREF the potential of smoothing out the debt profile over the longer term will be investigated.

#### 2.3.1.2 Safety of Capital

- *The debt-to-equity ratio* is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets. The indicator is based on the total of loans, creditors, and overdraft and tax provisions as a percentage of funds and reserves.
- *The gearing ratio* is a measure of the total long term borrowings over funds and reserves.

#### 2.3.1.3 Liquidity

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a limit of 1, hence at no point in time should this ratio be less than 1. For the 2019/20 MTREF the current ratio is 0,2 in the 2019/20 financial year.
- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations.

#### 2.3.1.4 Revenue Management

- As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, and credit control and debt collection.

#### 2.3.1.5 *Creditors Management*

- The Municipality has not managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern.

#### 2.3.1.6 *Other Indicators*

- Employee costs as a percentage of operating revenue continues to decrease over the MTREF. This is primarily owing to the high increase in bulk purchases which directly increase revenue levels, as well as increased allocation relating to operating grants and transfers.
- Similar to that of employee costs, repairs and maintenance as percentage of operating revenue is also decreasing owing directly to cost drivers such as bulk purchases increasing far above inflation. In real terms, repairs and maintenance has increased as part of the Municipality's strategy to ensure the management of its asset base.

### 2.3.2 **Free Basic Services: basic social services package for indigent households**

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the Municipality. With the exception of water, only registered indigents qualify for the free basic services.

For the 2019/20 financial year 2306 registered indigents have been provided for in the budget with this figure to 2800 by 2020/21. In terms of the Municipality's indigent policy registered households are entitled to 6kℓ fee water, 50 kwh of electricity, sanitation and free waste removal equivalent to removal once a week, as well as a discount on their property rates.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement).

Note that the number of households in informal areas that receive free services and the cost of these services (e.g. the provision of water through stand pipes, water tankers, etc) are not taken into account in the table noted above.

### 2.4 **Overview of budget related-policies**

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

#### 2.4.1 **Review of credit control and debt collection procedures/policies**

The Collection Policy as approved by Council in 2018 is currently under review. While the adopted policy is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review certain components to achieve a higher collection rate. Some of the possible revisions will include the lowering of the credit periods for the down payment of debt. In addition emphasis will be placed on speeding up the indigent registration process to ensure that credit control and debt collection efforts are not fruitlessly wasted on these debtors.

The 2019/20 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 75 per cent on current billings. In addition the collection of debt in excess of 90 days has been prioritised

as a pertinent strategy in increasing the Municipality's cash levels. In addition, a payment incentive scheme has been implemented and has delivered significant results in the recovery of older debt.

#### **2.4.2 Asset Management, Infrastructure Investment and Funding Policy**

A proxy for asset consumption can be considered the level of depreciation each asset incurs on an annual basis. Preserving the investment in existing infrastructure needs to be considered a significant strategy in ensuring the future sustainability of infrastructure and the Municipality's revenue base. Within the framework, the need for asset renewal was considered a priority and hence the capital programme was determined based on renewal of current assets versus new asset construction.

Further, continued improvements in technology generally allows many assets to be renewed at a lesser 'real' cost than the original construction cost. Therefore, it is considered prudent to allow for a slightly lesser continual level of annual renewal than the average annual depreciation. The Asset Management Policy is therefore considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance and is utilised as a guide to the selection and prioritisation of individual capital projects. In addition the policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets).

#### **2.4.3 Budget Adjustment Policy**

The adjustments budget process is governed by various provisions in the MFMA and is aimed at instilling and establishing an increased level of discipline, responsibility and accountability in the financial management practices of municipalities. To ensure that the Municipality continues to deliver on its core mandate and achieves its developmental goals, the mid-year review and adjustment budget process will be utilised to ensure that underperforming functions are identified and funds redirected to performing functions.

#### **2.4.4 Supply Chain Management Policy**

The Supply Chain Management Policy was adopted by Council in 2018. An amended policy will be considered by Council in due course of which the amendments will be extensively consulted in May 2019 and will be effective from 1 July 2019.

#### **2.4.5 Budget Policy**

The Budget Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the Municipality's system of delegations. The Budget Policy was approved by Council in 2018 and was amended in respect of both Operating and Capital Budget Fund Transfers.

#### **2.4.6 Cash Management and Investment Policy**

The Municipality's Cash Management and Investment Policy were amended by Council in 2018. The aim of the policy is to ensure that the Municipality's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and cash equivalents required at any point in time and introduce time frames to achieve certain benchmarks.

#### 2.4.7 Tariff Policies

The Municipality's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The policies have been approved on various dates and a consolidated tariff policy is envisaged to be compiled for ease of administration and implementation of the next two years.

#### 2.4.8 Financial Modelling and Scenario Planning Policy

The Financial Modelling and Scenario Planning Policy have directly informed the compilation of the 2019/20 MTREF with the emphasis on affordability and long-term sustainability. The policy dictates the approach to longer term financial modelling. The outcomes are then filtered into the budget process. The model and scenario planning outcomes are taken to Council every November and then translate into recommendations for the budget guidelines that inform the compilation of the next MTREF. One of the salient features of the policy is the emphasis on financial sustainability. Amongst others, the following has been modelled as part of the financial modelling and scenario planning process:

- Cash Flow Management Interventions, Initiatives and Strategies (including the cash backing of reserves);
- Economic climate and trends (i.e Inflation, household debt levels, indigent factors, growth, recessionary implications);
- Loan and investment possibilities;
- Performance trends;
- Tariff Increases;
- The ability of the community to pay for services (affordability);
- Policy priorities;
- Improved and sustainable service delivery; and
- Debtor payment levels.

All the above policies are available on the Municipality's website, as well as the following budget related policies:

- Property Rates Policy;
- Funding and Reserves Policy;
- Borrowing Policy;
- Budget Policy; and
- Basic Social Services Package (Indigent Policy).

### 2.5 Overview of budget assumptions

#### 2.5.1 External factors

In regional context, this meant that the Siyathemba Municipality contributed 11.9% to the District population (i.e. the second largest Local M in the District by population) and 1.9% to the population of the Northern Cape. The most dominant population group is Coloured. This group represents 80% of the total population in the municipal area. The other groups are black (12%) and white (8%). Afrikaans is the most widely spoken language (78%). There are an insignificant number of people which speaks other languages. A total of 824 people indicated that IsiNdebele is their first language and 91 people speak Setswana.

For all persons aged 15-65, the employment status within the Siyathemba Municipal Area is as follows: 40% is employed, 33% is not economically active, and 23% is unemployed. During 2007, some 5,200 people in Siyathemba received social grants, which accounted for 11.9% of such grants in the District15. The most popular grant received by dependents in all four regions under observation was the Child Support Grant. In Siyathemba, around 2,600 people received this grant during 2007. In fact, the Child Support Grant made up 50.8% of all Social Grants received in Siyathemba, slightly lower than Pixley ka Seme, Northern Cape and South Africa during 2007. The second most popular Social Grant received by dependents in all four regions was Disability, followed by Old Age Pensions Grants. In Siyathemba, some 1,200 people received a Disability Grant, while about 1,400 received an Old Age Pension Grant during 2007.

### **2.5.2 General inflation outlook and its impact on the municipal activities**

There are five key factors that have been taken into consideration in the compilation of the 2019/20 MTREF:

- National Government macro-economic targets;
- The general inflationary outlook and the impact on Municipality's residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity and water; and
- The increase in the cost of remuneration. Employee related costs comprise 35 per cent of total operating expenditure in the 2019/20 MTREF and therefore this increase above inflation places a disproportionate upward pressure on the expenditure budget.

### **2.5.3 Credit rating outlook**

No credit rating have been done by the Municipality

### **2.5.4 Interest rates for borrowing and investment of funds**

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions. The Municipality engages in a number of financing arrangements to minimise its interest rate costs and risk. However, for Siyathemba Municipality the 2019/20 MTREF is based on the assumption that all borrowings are undertaken using fixed interest rates for amortisation-style loans requiring both regular principal and interest payments. As part of the compilation of the 2019/20 MTREF the potential of smoothing out the debt profile over the long term will be investigated.

### **2.5.5 Collection rate for revenue services**

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (70 per cent) of annual billings. Cash flow is assumed to be 70 per cent of billings, plus an increased collection of arrear debt from the revised collection and credit control policy. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

### **2.5.6 Growth or decline in tax base of the municipality**

Debtor's revenue is assumed to increase at a rate that is influenced by the consumer debtors collection rate, tariff/rate pricing, real growth rate of the Municipality, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

### **2.5.7 Salary increases**

The collective agreement regarding salaries/wages that will be in operation on 1 July 2017 ends on 30 June 2020. A new agreement has not been reached and a provision of 7 per cent has been made.

### **2.5.8 Impact of national, provincial and local policies**

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

### **2.5.9 Ability of the municipality to spend and deliver on the programmes**

It is estimated that a spending rate of at least 75 per cent is achieved on operating expenditure and 98 per cent on the capital programme for the 2019/20 MTREF of which performance has been factored into the cash flow budget.

## **2.6 Overview of budget funding**

### **2.6.1 Medium-term outlook: operating revenue**

The following table is a breakdown of the operating revenue over the medium-term:

**Table 27 Breakdown of the operating revenue over the medium-term**

Description R thousands	2019/20 Medium Term Revenue & Expenditure Framework		
	Budget Year 2019/20	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Financial Performance</b>			
Property rates	19 209 000	20 554 000	21 992 000
Service charges	37 581 000	40 278 000	43 097 000
Investment revenue	4 000	4 000	5 000
Transfers recognised - operational	33 263 000	35 478 000	38 696 000
Other own revenue	15 932 000	20 639 000	26 932 000
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>105 990 000</b>	<b>116 952 000</b>	<b>130 722 000</b>

**Figure 3 Breakdown of operating revenue over the 2019/20 MTREF**

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from the provision of goods and services such as water, electricity, sanitation and solid waste removal. Property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc).

The revenue strategy is a function of key components such as:

- Growth in the Municipality and economic development;
- Revenue management and enhancement;
- Achievement of a 70 per cent annual collection rate for consumer revenue;
- National Treasury guidelines;
- Electricity tariff increases within the National Electricity Regulator of South Africa (NERSA) approval;
- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing/calculating revenue requirements;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and
- And the ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

**Table 28 MBRR SA15 – Detail Investment Information**

None

**Table 29 MBRR SA16 – Investment particulars by maturity**

None

## 2.6.2 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2019/20 medium-term capital programme:

**Table 30 Sources of capital revenue over the MTREF**

NC077 Siyathemba - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework					
					Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand													
<b>RECEIPTS:</b>	1,2												
<b>Operating Transfers and Grants</b>													
<b>National Government:</b>													
Local Government Equitable Share	-	30 532	33 371	34 263	34 263			-	37 810	41 992	45 255		
EPWP Incentive		25 734	27 526	29 448	29 448				32 939	35 480	38 303		
Integrated National Electrification Programme		1 000	1 000	1 300	1 300				1 131				
Finance Management		1 788	2 500	1 100	1 100				860	3 200	3 376		
		2 010	2 345	2 415	2 415				2 880	3 312	3 576		
Finance Management Grant													
<b>Provincial Government:</b>													
Sport and Recreation	-	1 728	1 290	1 566	-	-	-	1 479	1 648	1 648			
		1 728	1 290	1 566	-	-	-	1 479	1 648	1 648			
Finance Management Grant													
<b>District Municipality:</b>													
[insert description]	-	-	-	-	-	-	-	-	-	-	-		
<b>Other grant providers:</b>													
[insert description]	-	-	-	-	-	-	-	-	-	-	-		
<b>Total Operating Transfers and Grants</b>	5	-	32 260	34 661	35 829	34 263	-	39 289	43 640	46 903			
<b>Capital Transfers and Grants</b>													
<b>National Government:</b>													
Municipal Infrastructure Grant (MIG)	-	11 479	15 920	29 724	29 724	-	16 529	17 621	19 041				
		11 479	15 920	29 724	29 724			9 829	10 121	10 540			
Water Services Infrastructure grant									6 700	7 500	8 501		
<b>Provincial Government:</b>													
Other capital transfers/grants [insert description]	-	-	-	-	-	-	-	-	-	-	-		
<b>District Municipality:</b>													
[insert description]	-	-	-	-	-	-	-	-	-	-	-		
<b>Other grant providers:</b>													
[insert description]	-	-	-	-	-	-	-	-	-	-	-		
<b>Total Capital Transfers and Grants</b>	5	-	11 479	15 920	29 724	29 724	-	16 529	17 621	19 041			
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>		-	43 739	50 581	65 553	63 987	-	55 818	61 261	65 944			

**Figure 4 Sources of capital revenue for the 2019/20 financial year**

Capital grants and receipts equate to 100 per cent of the total funding source and continue the same over the MTREF.

The following table is a detailed analysis of the Municipality's borrowing liability.

NC077 Siyathemba - Supporting Table SA17 Borrowing

Borrowing - Categorised by type R thousand	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework				
					Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21
<b>Parent municipality</b>												
Annuity and Bullet Loans												
Long-Term Loans (non-annuity)				2 496		1 658						
Local registered stock												
Instalment Credit												
Financial Leases												
PPP liabilities												
Finance Granted By Cap Equipment Supplier												
Marketable Bonds												
Non-Marketable Bonds												
Bankers Acceptances												
Financial derivatives												
Other Securities												
<b>Municipality sub-total</b>	1	-	2 496	1 658	-	-	-	-	-	-		
<b>Entities</b>												
Annuity and Bullet Loans												
Long-Term Loans (non-annuity)												
Local registered stock												
Instalment Credit												
Financial Leases												
PPP liabilities												
Finance Granted By Cap Equipment Supplier												
Marketable Bonds												
Non-Marketable Bonds												
Bankers Acceptances												
Financial derivatives												
Other Securities												
<b>Entities sub-total</b>	1	-	-	-	-	-	-	-	-	-		
<b>Total Borrowing</b>	1	-	2 496	1 658	-	-	-	-	-	-		

### 2.6.3 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understand ability for councillors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provide for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue., and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

### 2.6.4 Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 75 that deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 75 – Funding a Municipal Budget. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded". Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.

NC077 Siyathemba - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21
<b>Cash and investments available</b>											
Cash/cash equivalents at the year end	1	-	(2 314)	(989)	1 718	1 403	-	-	4 136	8 444	13 048
Other current investments > 90 days		-	(0)	0	(194)	120	-	-	(2 520)	(6 732)	(11 233)
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
<b>Cash and investments available:</b>			<b>(2 314)</b>	<b>(989)</b>	<b>1 524</b>	<b>1 524</b>	<b>-</b>	<b>-</b>	<b>1 615</b>	<b>1 712</b>	<b>1 815</b>
<b>Application of cash and investments</b>											
Unspent conditional transfers		-	169	-	0	0	-	-	0	0	0
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	3	-	54 845	65 195	31 916	33 368	-	-	34 784	36 903	36 392
Other provisions											
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
<b>Total Application of cash and investments:</b>			<b>55 013</b>	<b>65 195</b>	<b>31 916</b>	<b>33 368</b>	<b>-</b>	<b>-</b>	<b>34 784</b>	<b>36 903</b>	<b>36 392</b>
<b>Surplus(shortfall)</b>			<b>(57 327)</b>	<b>(66 184)</b>	<b>(30 392)</b>	<b>(31 844)</b>	<b>-</b>	<b>-</b>	<b>(33 169)</b>	<b>(35 191)</b>	<b>(34 577)</b>

## 2.6.5 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

### 2.6.5.1 Cash/cash equivalent position

The Municipality's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year. The forecasted cash and cash equivalents for the 2019/20 MTREF.

### 2.6.5.2 Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

### 2.6.5.3 Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the Municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts.

**Surplus/deficit excluding depreciation offsets**

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term.

It needs to be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

**2.6.5.4 Property Rates/service charge revenue as a percentage increase less macro inflation target**

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

The factor is calculated by deducting the maximum macro-economic inflation target increase .The result is intended to be an approximation of the real increase in revenue. Considering the lowest percentage tariff increase in relation to revenue generated from rates and services charges is 10 per cent, with the increase in electricity at 12 per cent it is to be expected that the increase in revenue will exceed the inflation target figures. However, the outcome is lower than it might be due to the slowdown in the economy and a reduction in consumption patterns. This trend will have to be carefully monitored and managed with the implementation of the budget.

**2.6.5.5 Cash receipts as a percentage of ratepayer and other revenue**

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. Given that the assumed collection rate was based on a 60 per cent performance target, the cash flow statement has been conservatively determined. In addition the risks associated with objections to the valuation roll need to be clarified and hence the conservative approach, also taking into consideration the cash flow challenges experienced in the current financial year. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.

**2.6.5.6 Debt impairment expense as a percentage of billable revenue**

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. The provision has been appropriated at 9.6 per cent over the MTREF. Considering the debt incentive scheme and the municipality's revenue management strategy's objective to collect outstanding debtors of 90 days, the provision is well within the accepted leading practice.

**2.6.5.7 Capital payments percentage of capital expenditure**

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. It can be seen that a 2 per cent timing discount has been factored into the cash position forecasted over the entire financial year. The municipality aims to keep this as low as possible through strict compliance with the legislative requirement that debtors be paid within 30 days.

**2.6.5.8 Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)**

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded. Further details relating to the borrowing strategy of the Municipality can be found on page 66.

**2.6.5.9 Transfers/grants revenue as a percentage of Government transfers/grants available**

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DORA) have been budgeted for. The Municipality has budgeted for all transfers.

**2.6.5.10 Consumer debtors change (Current and Non-current)**

The purpose of these measures is to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. Both measures show a relatively stable trend in line with the Municipality's policy of settling debtor's accounts within 30 days.

**2.6.5.11 Repairs and maintenance expenditure level**

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected.

**2.6.5.12 Asset renewal/rehabilitation expenditure level**

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets.

**2.7 Expenditure on grants and reconciliations of unspent funds**

**Table 31 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds**

## NC077 Siyathemba - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds

Description R thousand	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Operating transfers and grants:</b>	1,3									
National Government:										
Balance unspent at beginning of the year					-		-			
Current year receipts		28 522	31 026	31 848	31 848			34 930	38 680	41 679
Conditions met - transferred to revenue		-	28 522	31 026	31 848	31 848	-	34 930	38 680	41 679
Conditions still to be met - transferred to liabilities										
Provincial Government:										
Balance unspent at beginning of the year					-		-			
Current year receipts			2 010	2 345	2 415	2 415		2 880	3 312	3 576
Conditions met - transferred to revenue		-	2 010	2 345	2 415	2 415	-	2 880	3 312	3 576
Conditions still to be met - transferred to liabilities										
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year					-		-			
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Total operating transfers and grants revenue		-	30 532	33 371	34 263	34 263	-	37 810	41 992	45 255
Total operating transfers and grants - CTBM	2	-	-	-	-	-	-	-	-	-
<b>Capital transfers and grants:</b>	1,3									
National Government:										
Balance unspent at beginning of the year					-		-			
Current year receipts			11 479	15 920	29 724	29 724		9 829	10 121	10 540
Conditions met - transferred to revenue		-	11 479	15 920	29 724	29 724	-	9 829	10 121	10 540
Conditions still to be met - transferred to liabilities										
Provincial Government:										
Balance unspent at beginning of the year					-		-			
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
District Municipality:										
Balance unspent at beginning of the year					-		-			
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year					-		-			
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Total capital transfers and grants revenue		-	11 479	15 920	29 724	29 724	-	9 829	10 121	10 540
Total capital transfers and grants - CTBM	2	-	-	-	-	-	-	-	-	-
<b>TOTAL TRANSFERS AND GRANTS REVENUE</b>		-	42 011	49 291	63 987	63 987	-	47 639	52 113	55 795
<b>TOTAL TRANSFERS AND GRANTS - CTBM</b>		-	-	-	-	-	-	-	-	-

**2.8 Annual budgets and SDBIPs – internal departments**

The draft SDBIP is attached

**2.9 Contracts having future budgetary implications**

In terms of the Municipality's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

SIYATHEMBA MUNICIPALITY: MUNICIPAL MANAGER: SD BIP SCORECARD																									
RESPONSIBLE OFFICIAL: IWJ Stadhauer (M M)																									
Our mission is to improve the lives of citizens of Siyathemba Municipal Area, through Quality Service Delivery, Communication, environment for Economic growth and integrated Human Settlements..																									
Our vision: We as Siyathemba Municipality, commit ourselves to a better life for all through sound economic growth, provision of basic infrastructure, disciplined social welfare, a sound and participative institutional management system, as we stand united..																									
Key Performance Area	Unit of measurement / KPI	Annual Target	Annual Expenditure	Month Ending	Month Ending	Month Ending	Month Ending	Month	Month Ending																
				Annual Revenue	31-Jul-19	31-Aug-19	30-Sep-19	31-Oct-19	30-Nov-19	31-Dec-19	31-Jan-20	28-Feb-20	31-Mar-20	30-Apr-20	31-May-20	30-Jun-20									
				Project	Actual	Project	Actual	Project	Actual	Project	Actual	Project	Actual	Project	Actual	Project	Actual	Project	Actual	Project	Actual	Project	Actual	Project	Actual
Local Economic Development	To develop/review a Investors initiative policy for the municipality	1 R 325 640,00	R 45 520,00																						
Local Economic Development	To implement the Investors initiative Policy	1 R 325 640,00	R 45 520,00																						
Local Economic	To identify four anchor economic	4 R 1 302 560,00	R 182 080,00	4 x anchor economic enhancement projects for the municipality																					
Local Economic Development	To develop two anchor project business plans for the municipality	2 R 651 280,00	R 91 040,00																						
Local Economic Development	To present these business plans at possible funding	2 R 651 280,00	R 91 040,00																						Present business plans at
Good Governance & Public Participation	To develop a Ward Committee Policy	1 R 325 640,00	R 45 520,00																						
Good Governance & Public Participation	To implement the Ward Committee Policy	1 R 325 640,00	R 45 520,00																						
Good Governance & Public Committee	To have four Ward Committee	4 R 1 302 560,00	R 182 080,00																						Ward Committee
Good Governance & Public Participation	To develop a programme for Council to have quarterly public participation activities	4 R 1 302 560,00	R 182 080,00	Programme for Council to have quarterly public participation activities																					
Good Governance & Public Participation	To implement the Council public participation programme	1 R 325 640,00	R 45 520,00																						
Good Governance & Public Participation	To participate in the District and Premier's IGR processes	4 R 1 302 560,00	R 182 080,00																						Participate in the District and Premier's IGR processes
		25 R 8 141 000,00	R 1138 000,00																						

SIYATHEMBA MUNICIPALITY: FINANCIAL SERVICES: SDIP SCORECARD																					
RESPONSIBLE OFFICIAL: Howard Miring (CFO)																					
Our mission is to improve the lives of citizens of Siyathemba Municipal Area, through Quality Service Delivery, Communication, environment for Economic growth and integrated Human Settlements..																					
Key Performance Area / KPI	Unit of measurement	Annual Target	Annual Expenditure	Month Ending	Month Ending	Month Ending	Month Ending	Month Ending	Month Ending	Month Ending	Month Ending	Month Ending	Month Ending	Month Ending	Month Ending	Month Ending	Month Ending	Month Ending	Month Ending	Month Ending	
			Annual Revenue	31-Jul-19	31-Aug-19	30-Sep-19	31-Oct-19	30-Nov-19	31-Dec-19	31-Jan-20	28-Feb-20	31-Mar-20	30-Apr-20	31-May-20	30-Jun-20						
				Project	Actual	Project	Actual	Project	Actual	Project	Actual	Project	Actual	Project	Actual	Project	Actual	Project	Actual	Project	
Basic Service Delivery & Infrastructure Development	Invite and appoint two service providers to compile the two sector plans	1	R 1 216 666,67	R 1 451 575,76										Appoint service providers to compile sector plans							
Municipal Financial Viability & Management	To increase the Audit outcome from an disclaimer	1	R 1 216 666,67	R 1 451 575,76																	Audit outcome from an disclaimer
Municipal Financial Viability & Management	To develop policies and procedures	1	R 1 216 666,67	R 1 451 575,76																	To develop policies and procedures
Municipal Financial Viability & Management	To comply to the MFMA in terms of the compilation of a Budget	1	R 1 216 666,67	R 1 451 575,76																	
Municipal Financial Viability & Management	To comply with the MFMA in terms of Annual Financial Statements	1	R 1 216 666,67	R 1 451 575,76		GRAP Annual Financial Statements															Present business plans at possible funding institutions
Municipal Financial Viability & Management	To comply in terms of monthly, quarterly, mid-term and annual reporting	12	R 14 600 000,00	R 17 418 909,09	Compile monthly, quarterly, mid-term and annual reporting																
Municipal Financial Viability & Management	To report of the management of debtors, creditors and assets to the council	12	R 14 600 000,00	R 17 418 909,09	Report of the management of debtors, creditors and assets to the council	Report of the management of debtors, creditors and assets to the council	Report of the management of debtors, creditors and assets to the council	Report of the management of debtors, creditors and assets to the council	Report of the management of debtors, creditors and assets to the council	Report of the management of debtors, creditors and assets to the council	Report of the management of debtors, creditors and assets to the council	Report of the management of debtors, creditors and assets to the council	Report of the management of debtors, creditors and assets to the council	Report of the management of debtors, creditors and assets to the council	Report of the management of debtors, creditors and assets to the council	Report of the management of debtors, creditors and assets to the council	Report of the management of debtors, creditors and assets to the council	Report of the management of debtors, creditors and assets to the council	Report of the management of debtors, creditors and assets to the council	Report of the management of debtors, creditors and assets to the council	
Municipal Financial Viability & Management	To develop an asset Management system	1	R 1 216 666,67	R 1 451 575,76																	
Municipal Financial Viability & Management	To implement the Asset Management System	1	R 1 216 666,67	R 1 451 575,76																	Implement the Asset Management System
Municipal Financial Viability & Management	To investigate the current and potential new revenue generating sources to expand the financial bases of the municipality	1	R 1 216 666,67	R 1 451 575,76									Revenue enhancement investigation								
Municipal Financial Viability & Management	To develop a methodology to implement the identified sources of revenue	1	R 1 216 666,67	R 1 451 575,76										Implement the identified sources of revenue							

SIYATHEMBA MUNICIPALITY: CORPORATE SERVICES: SD BIP SCORECARD																									
RESPONSIBLE OFFICIAL: (CSM)																									
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Key Performance Area	Unit of measurement / KPI	Annual Target	Annual Expenditure	Month Ending	Month Ending	Month Ending	Month Ending	Month Ending	Month Ending	Month Ending	Month Ending	Month Ending	Month Ending	Month Ending	Month Ending	Month Ending	Month Ending	Month Ending	Month Ending	Month Ending	Month Ending	Month Ending	Month Ending	Month Ending	Month Ending
			Annual Revenue:	31-Jul-19	31-Aug-19	30-Sep-19	31-Oct-19	30-Nov-19	31-Dec-19	31-Jan-20	28-Feb-20	31-Mar-20	30-Apr-20	31-May-20	30-Jun-20										
				Project	Actual	Project	Actual	Project	Actual	Project	Actual	Project	Actual	Project	Actual	Project	Actual	Project	Actual	Project	Actual	Project	Actual	Project	Actual
Basic Service Delivery & Infrastructure Development	Identify two sector plans that are the most crucial for the Municipality	1	R 2 068 400,00	R 5 385 000,00																					
Basic Service Delivery & Infrastructure Development	Prepare Tender/ Quotation Proposals for the Development of these two sector plans.	1	R 2 068 400,00	R 5 385 000,00																					
Basic Service Delivery & Infrastructure Development	Workshop and approve the two sector plans	1	R 2 068 400,00	R 5 385 000,00																					Workshop and approve the two sector plans
Basic Service Delivery & Infrastructure Development	To develop a budgeting model for the municipality to make funds available for O&M on the current infrastructure maintenance	1	R 2 068 400,00	R 5 385 000,00																					
Basic Service Delivery & Infrastructure Development	To approve the developed model	1	R 2 068 400,00	R 5 385 000,00																					Present business plans at possible funding institutions

		SIYATHEMBA MUNICIPALITY: TECHNICAL SERVICES: SD BIP SCORECARD																		
		RESPONSIBLE OFFICIAL: J BASSON (TSM)																		
		Our mission is to improve the lives of citizens of Siyathemba Municipal Area, through Quality Service Delivery, Communication, environment for Economic growth and integrated Human Settlements.																		
<i>Our vision: We as Siyathemba Municipality, commit ourselves to a better life for all through sound economic growth, provision of basic infrastructure, disciplined social welfare, a sound and participative institutional management system, as we stand united..</i>																				
Vote/ Indicator	Unit of measurement	Target	Annual Expenses	Annual Revenue	Month Ending Jul'19	Month Ending Aug'19	Month Ending Sep'19	Month Ending Oct'19	Month Ending Nov'19	Month Ending Dec'19	Month Ending Jan'20	Month Ending Feb'20	Month Ending Mar'20	Month Ending Apr'20	Month Ending May'20	Month Ending Jun'20	Month Ending Jul'20	Month Ending Aug'20	Month Ending Sep'20	
1. Provision of services	1. Supervision over all technical staff																			
	Public safety	Public safety	0 R	- R	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Housing	Housing	0 R	- R	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Health	Health	0 R	- R	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Planning and development	Planning and development	0 R	- R	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Road transport	Road transport	0 R	13 092 770,58	R 5 354 131,75	R 1 091 064,22	R 1 091 064,22													
	Environmental protection	Environmental protection	0 R	- R	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Electricity	Electricity	0 R	10 209 598,57	R 10 897 312,76	R 850 799,88														
	Water	Water	0 R	13 478 465,57	R 8 933 840,72	R 1 123 288,80	R 1 123 288,80													
	Waste water management	Waste water management	0 R	4 339 930,50	R 0 014 756,51	R 361 327,54	R 361 327,54													
	Waste management	Waste management	0 R	2 398 117,77	R 2 869 643,10	R 199 843,15	R 199 843,15													
	1. Provide household with potable water		0 sites	R -	R -	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	2. Eradicate backlog in infrastructure			R -	R -	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	2. Number of town establishment completed projed		0 sites	R -	R -	0	0													
	1. Provide basic sanitation to households		0 sites	R -	R -	0	0													
3. Provision of sustainable basic services	2. Provide basic electricity to households		0 sites	R -	R -	0	0													
	3. Provide basic water to households		0 sites	R -	R -	Completed	0													
	4. Provision of bulk land and services	Water management	1 each	R 6 292 066,55	R 7 768 034,61	R 524 405,55														
	Waste water management		1 each	R 3 698 759,42	R 4 553 339,30	R 308 062,54														
	4.1 EPWP	3. EPWP	EPWP Projects	R 397 500,05	R 490 681,65	R 33 125,00														
	1. Maintenance of electricity networks	Prieska	R -	R -	Prieska															
	2. Bulk purchase of electricity	Prieska	R -	R -	Prieska															
	3. Free basic electricity		2758	R -	R -	2211	2211	2211	2211	2211	2211	2211	2211	2211	2211	2211	2211	2211	2211	
	4. Maintenance of purification plants & reticulation		44016	R -	R -	3668	3668	3668	3668	3668	3668	3668	3668	3668	3668	3668	3668	3668	3668	
	5. Bulk purchases of water	Prieska	R -	R -	Prieska															
	6. Free basic water		2758	R -	R -	2211	2211	2211	2211	2211	2211	2211	2211	2211	2211	2211	2211	2211	2211	
5. Maintenance of public facilities	7. Maintenance of recreation, parks & sport facilities		5	R -	R -	5	5	5	5	5	5	5	5	5	5	5	5	5	5	
	8. Maintenance of council buildings		12	R -	R -	12	12	12	12	12	12	12	12	12	12	12	12	12	12	
	9. Maintenance of Cemeteries		4	R -	R -	4	4	4	4	4	4	4	4	4	4	4	4	4	4	
	10. Maintenance of Libraries		4	R -	R -	4	4	4	4	4	4	4	4	4	4	4	4	4	4	
	11. Maintenance of Commongate Land		33000hect	R -	R -	33000hect														
	12. Maintenance of fire brigade		1	R -	R -	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
	13. Disaster Management		31towns	R -	R -	3towns														
	14. Maintenance of Airport		1	R -	R -	1	1	1	1	1	1	1	1	1	1	1	1	1	1	

None

Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting  
Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the Municipality's website.
2. Budget and Treasury Office  
The Budget and Treasury Office has been established in accordance with the MFMA.
3. Audit Committee  
An Audit Committee has been established and is fully functional.
4. Service Delivery and Implementation Plan  
The detail SDBIP document is at a draft stage and will be finalised after approval of the 2019/20 MTREF in May 2019 directly aligned and informed by the 2019/20 MTREF.
5. Annual Report  
Annual report is compiled in terms of the MFMA and National Treasury requirements.
7. MFMA Training  
The MFMA training module in electronic format is presented at the Municipality's internal centre and training is ongoing.
8. Policies  
An amendment of the Municipal Property Rates Regulations as published in Government Notice 363 of 27 March 2009, was announced in Government Gazette 33016 on 12 March 2010. The ratios as prescribed in the Regulations have been complied with.

**2.10 Municipal manager's quality certificate**

I IWJ Stadhauer, in my capacity as Municipal Manager of Siyathemba Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Name IWJ Stadhauer

Municipal manager of Siyathemba Municipality (NC077)

Signature \_\_\_\_\_

Date \_\_\_\_\_